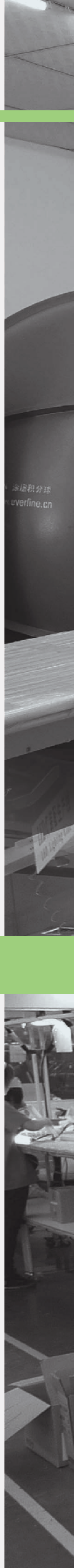
Aztech

Mapping Opportunities

ANNUAL REPORT 2022

Aztech Global Ltd.

Contents



Mapping Opportunities

Listed on the Mainboard of the SGX-ST on 12 March 2021, Aztech is a key technology enabler for the connected world of tomorrow with a focus on providing one-stop vertically integrated design and manufacturing services to blue chip customers, technology start-ups and other companies with innovative products.

Leveraging on its solid track record of over 36 years in the electronics industry, including more than 26 years in the communication and networking technology[1], and core strengths in R&D, design, engineering and manufacturing, Aztech has successfully transformed to become a full-fledged manufacturer with original design and joint design manufacturing capabilities to comprehensively support its customers since 2018 in the Internet-of-Things ("IoT").

1 Aggregate number of years of our Company and our parent company
SGX-ST means Singapore Exchange Securities Trading Limited

Vision & Mission

DELIGHTING PEOPLE WITH SMARTER SOLUTIONS.

Values

VALUES THAT ENCAPSULATE THE CULTURE THAT WE DESIRE TO BUILD IN AZTECH:

Integrity

Doing the right thing even when it is not easy.

Commitment

Commitment transforms a promise into a reality.

Excellence

The pursuit of excellence is a whole-hearted endeavour.

Business & Geographical Presence

Headquartered in Singapore, Aztech counts four R&D centres in Singapore, Hong Kong, Shenzhen and Dongguan and two manufacturing facilities in Dongguan, PRC and Johor, Malaysia in its portfolio[2]. With its design-to-build manufacturing capabilities, Aztech is capable of creating value for its customers seamlessly from design and development, productisation, design verification and reliability testing to manufacturing and supply chain management.

Aztech designs and manufactures IoT devices, data-communication products and niche LED lighting products across varied applications and sectors including consumer lifestyle electronics, home security, healthtech, automotive, telecommunication, commercial and industrial.

IoT Devices and Data-communication Products

We design and manufacture IoT devices and data-communication products for brand owners through the provision of Original Equipment Manufacturing ("OEM"), Original Design Manufacturing ("ODM"), Joint Development Manufacturing ("JDM") or Contract Manufacturing Services ("CMS"), where products such as smart security cameras, HomePlugs and smart wearables are sold under the label of the respective business-to-business customers.

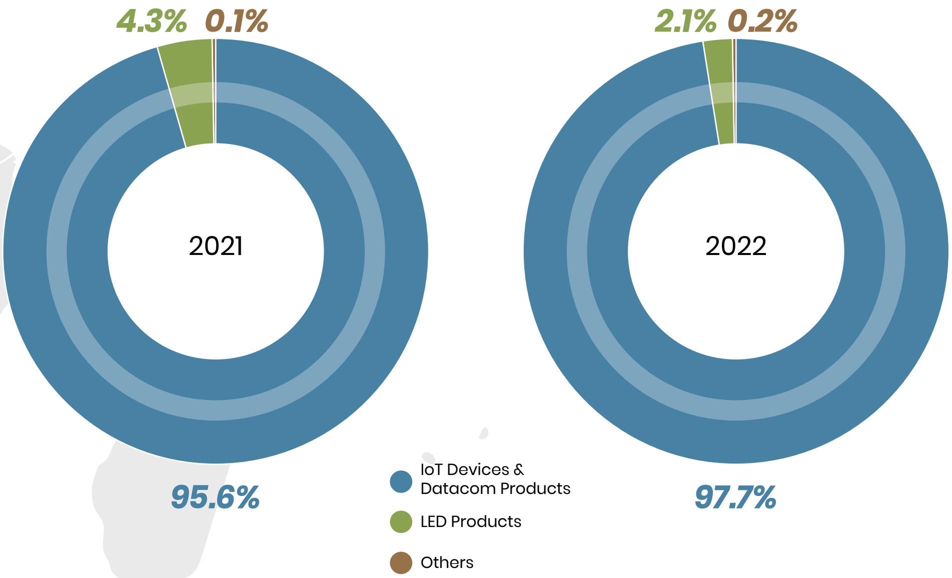
LED Lighting Products

We manufacture niche LED lighting products used in residential, commercial and industrial applications, and specialise in the design and development of Smart Lighting Systems to projects and end-consumers.

Other Electrical Products

We distribute a wide range of IoT devices and Data-communication products under our proprietary "Aztech" and "Kyla" brands on project basis as well as through channel partners and e-commerce platforms to end-consumers.

Revenue by Business Segment



2 Portfolio excludes (a) the smaller facility that the Group used to operate in Dongguan till December 2022 when the lease expired and was not renewed by the Group, and (b) the new facility located at Pasir Gudang, Johor, Malaysia that is expected to commence operations in the second quarter of 2023.

Headquarters

Singapore

4 R&D Centres

Singapore, Hong Kong,
Shenzhen & Dongguan

Distribution & Trading

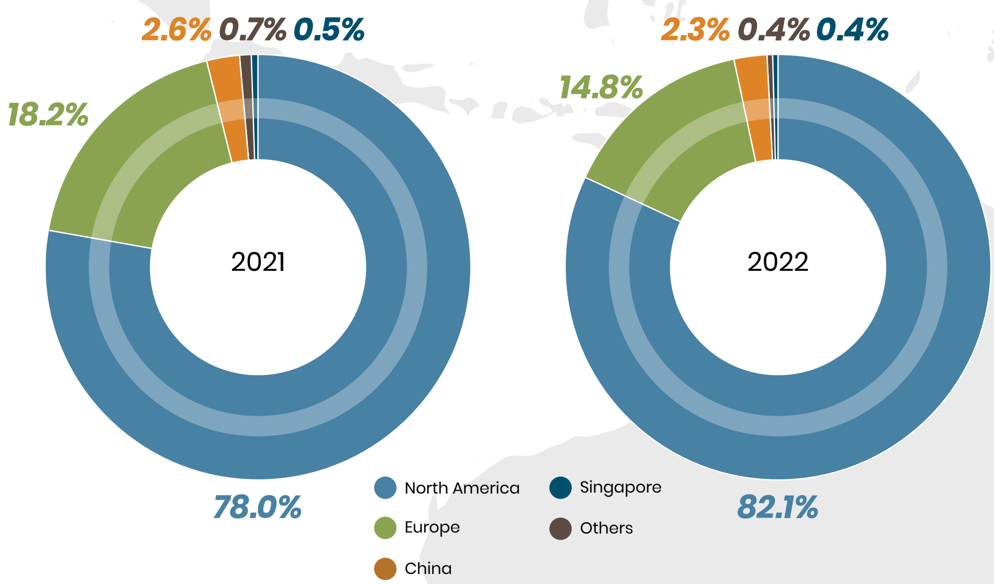
Hong Kong, Singapore

2 Factories[2]

Dongguan, PRC,
and Johor, Malaysia

New facility at Pasir Gudang, Johor, Malaysia is expected to commence operations in the second quarter of 2023.

Revenue by Geographical Region



Revenue is calculated based on geographical locations of our customers where the revenue is derived from. Europe comprises mainly France, Germany, Italy, Netherlands, United Kingdom and Poland. North America comprises mainly United States, Canada, Brazil and Mexico. Others comprise mainly Japan and South Korea.

Key Business Metrics

Financials at a Glance

Financial Performance Summary

For Financial Year ended 31 December	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000
Revenue	346,822	428,825	484,273	624,364	820,244
EBITDA	30,350	64,302	76,313	95,845	90,271
Profit before tax	22,074	54,786	66,517	84,962	80,730
Net profit	20,010	47,172	55,727	74,380	67,187
Weighted average number of shares in issue*	2,738,720,000	2,012,692,603	618,720,000	743,892,381	771,952,945

** The Company was listed on the Mainboard of SGX-ST on 12 March 2021. The weighted average number of shares in 2020 was based on pre-invitation issued share capital of 618,720,000 shares, while those for 2018 and 2019 were based on proforma enlarged share capital.*

Assets & Liabilities					
Net current assets	35,661	663	17,962	271,271	264,352
Total assets	197,924	160,711	300,248	518,201	541,393
Total liabilities	141,816	138,012	258,625	225,233	257,390
Total borrowings	15,595	15,584	37,371	18,033	8,452
Shareholders' equity	56,108	22,699	41,623	292,968	284,003

Per Share Basis (in Singapore cents)					
Earnings - Basic & Diluted*	0.73	2.34	9.01	10.00	8.70
Net asset value**	9.07	3.67	6.73	38.00	37.00

** Basic and diluted EPS for FY 2022 and FY 2021 were computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945 and 743,892,381 respectively. FY 2020 EPS were computed based on pre-invitation issued share capital of 618,720,000 shares. FY2019 EPS was computed after taking into account the Capital Reduction Exercise in 2019. Computation of EPS for FY2019 and FY2018 were based on proforma enlarged share capital 2,012,692,603 and 2,738,720,000 ordinary shares respectively.*

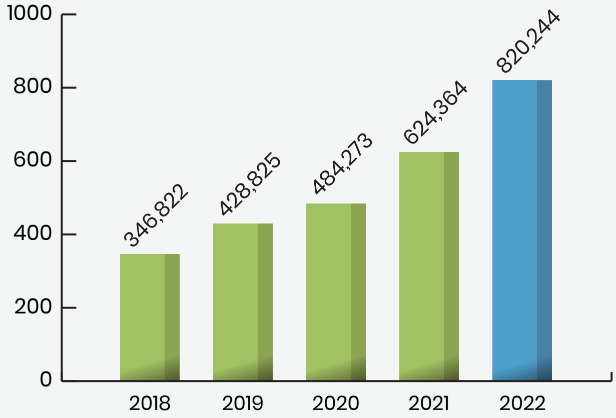
*** NAV per share as at 31 December 2022/2021/2020 were computed based on the net assets of our Company and number of ordinary shares of 771,952,945 (excluding Treasury Shares) and pre-invitation share capital of 618,720,000 Shares.*

Key Financial Ratios					
Net profit margin (%)	5.8%	11.0%	11.5%	11.9%	8.2%
Current ratio (Number of times)	1.25	1.00	1.07	2.23	2.05
Net gearing ratio* (Number of times)	0.08	0.06	0.62	n.m	n.m
AR turnover (days)	76	88	83	80	87
AP turnover (days)	117	112	100	100	113
Inventory turnover (days)	48	23	52	65	59

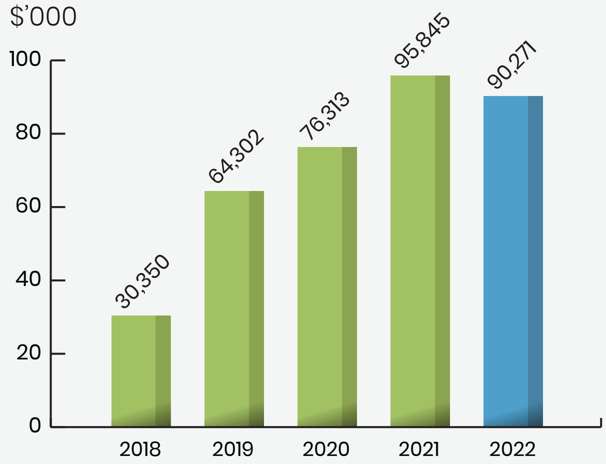
** The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total borrowings and lease liabilities less cash and bank balances. The Group's net cash balance was $183.5 million and $187.5 million as at 31 December 2021 and 31 December 2022, respectively.*

n.m denotes not meaningful

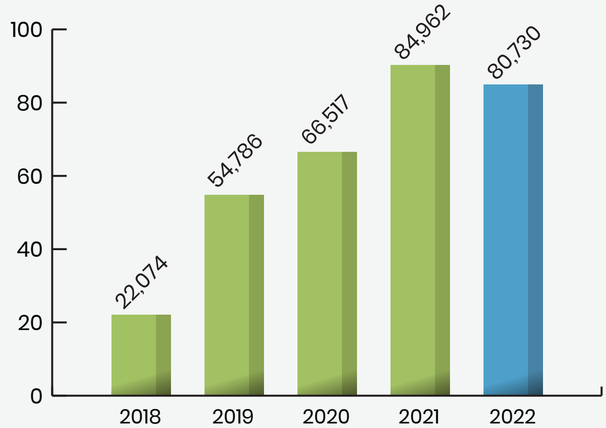
Revenue
$'000



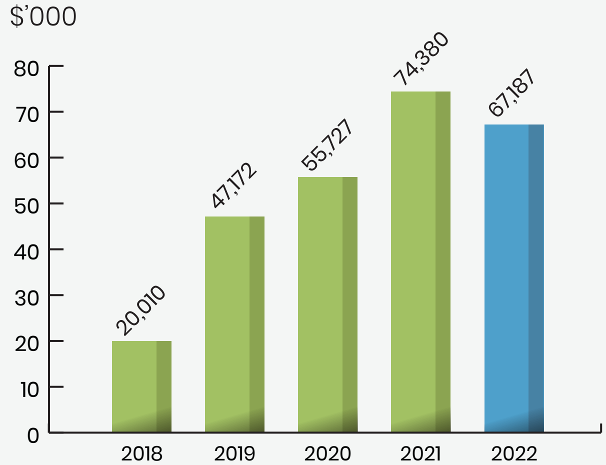
EBITDA
$'000



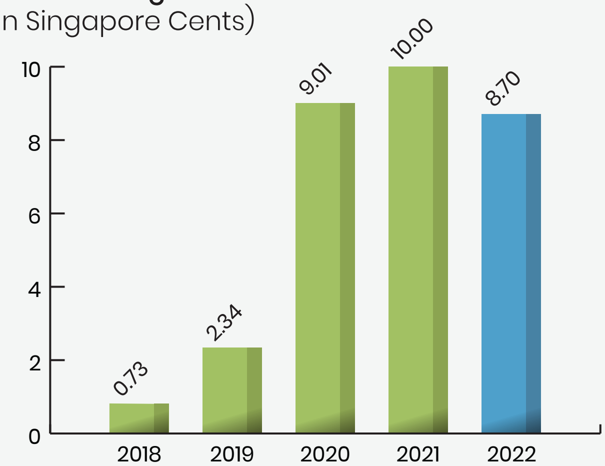
Profit Before Tax
$'000



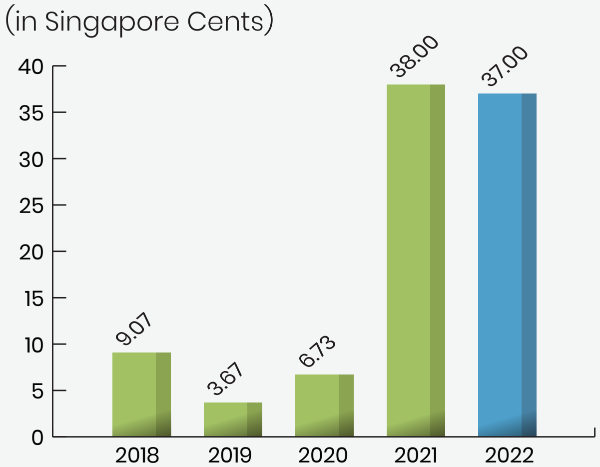
Net Profit
$'000



Basic Earnings Per Share
(in Singapore Cents)



Net Asset Value Per Share
(in Singapore Cents)



Financials at a Glance cont'd

Dividends & Cash Flow

For Financial Year ended 31 December	2021	2022
Dividends		
Interim dividend per share (Singapore Cents)	–	3.0
Final dividend per share (Singapore Cents)	5.0	1.5
Total dividend per share (Singapore Cents)	5.0	4.5
Dividend cover (Number of times)	1.93	1.93
Dividend payout (%)	51.9	51.7
Cash flow		
Free Cash Flow ($'000)	37,108	104,005
Net Cash ($'000)	183,479	187,511

Notes:
1. *Second and final dividend for FY2022 is subject to shareholders' approval at the forthcoming Annual General Meeting.*
2. *Dividend cover is calculated by dividing profit attributable to owners of the Company by total dividend.*
3. *Dividend payout is calculated by dividing total dividend by profit attributable to owners of the Company.*
4. *Free cash flow comprises cash flow from operating activities less capital expenditure.*
5. *Net cash is calculated as cash and cash equivalents less total borrowings.*

Operational Statistics

For Financial Year ended 31 December	2021	2022
Number of SMT points ('000)	12,309,113	14,259,472
Number of Components placed on SMT ('000)	6,403,362	7,971,418

Notes:
1. *SMT is surface - mount technology*

ESG Metrics

Metrics	2020	2021	2022
Environmental			
Electricity consumption (MWh)	15,468	16,551	16,027
Diesel and petrol consumption (MWh)	129	358	146
Total energy consumption (MWh)	15,597	16,909	16,173
Energy intensity ratio (MWh/$M revenue)	32.21	27.08	19.72
Total water consumption ('000 m^3)	144	135	145
Water intensity ratio ('000 m^3/$M revenue)	297.6	216.3	176.6
Total waste generated (Tonnes)[3] - Hazardous recycled waste - Hazardous non-recycled waste - General solid recycled waste - General solid non-recycled waste	- - - - -	- - - - -	376.0 2.0 11.1 361.4 1.5
Social			
Average number of employees[4]	1,135	1,178	1,307
New hires (% of total workforce)	52	37	56
Employee turnover (% of total workforce)	9	11	8
Total number of training hours (Hours)	16,362	13,855	17,394
Average number of training hours per employee (Hours)	15	12	13
Occupational health & safety -Number of fatalities -Number of major work / high-consequence injuries -Number of minor work injuries -Rate of injury per 100 workers	 0 0 7 0.18	 0 0 3 0.078	 0 1 5 0.161
Number of community projects & activities	6	7	15
Governance			
Board independence (% of Independent Directors)	60	60	67
Women on the board (% of Female Board Directors)	0	0	17
Women in the management team (% of Female Senior Management)	22	22	25

3. Statistics for total waste generated were reported from FY2022 onwards.
4. Excludes part-time and temporary workers from employment agency

Letter to Shareholders

Mr. Michael Mun
Executive Chairman and CEO

> "The Group's ranking among "Singapore's fastest-growing companies in 2023" by the Straits Times and Statista is a testament of our commitment to creating long-term value for shareholders."

Dear Shareholders,

The operating environment of Aztech Global Ltd. and its group of subsidiaries ("the Group") turned more challenging in 2022. The confluence of ongoing zero-Covid strategy in China, component shortages, labour and logistical constraints, and volatile currencies fluctuations made navigation more challenging.

Undeterred by the multi-faceted headwinds, the Group soldiered on building faster and better for its customers. Years of perseverance did not go unnoticed. The Group's ranking among "Singapore's fastest-growing companies in 2023"[5] by the Straits Times and Statista is a testament of our commitment to creating long-term value for shareholders.

The Group delivered yet another year of record revenue growth, along with cost control measures and productivity and operational efficiency gains to cushion the impact of inflationary cost pressures.

5 *Aztech Global Ltd. was ranked amongst "Singapore's fastest-growing companies in 2023" based on revenue growth from 2018 to 2021 by The Straits Times and Germany based global research firm Statista.*

Financial Performance Review

Riding on the encouraging growth trend over the past years[5], the Group achieved record revenue of $820.2 million for the financial year ended 31 December 2022 ("FY2022"), an increase of 31.4% y-o-y from $624.4 million attained in the previous year. This translates to a strong compounded annual growth rate of 23.8% from 2018 to 2022.

Revenue growth was driven primarily by IoT devices and data-communication products, which continued to benefit from higher production volume and shipment to customers. The segment posted a 34.3% y-o-y increase in revenue to $801.7 million, and accounted for 97.7% of the total revenue for the year. Geographically, the core markets of North America and Europe contributed 96.9% of the Group's overall revenue compared with 96.2% a year ago.

On the other hand, the combined revenues of LED lighting products and other electrical products declined by 32.2% y-o-y to $18.6 million in FY2022 as the Group focuses on its core IoT offerings.

The Group's performance for FY2022 benefited from strong revenue growth, productivity and operational efficiency gains, while cost control measures and increase in interest income also contributed to performance. Profitability was, however, impacted by loss of $56.6 million resulting from foreign currency contracts entered into by the Group and maturing in FY2022. Majority of these contracts had been settled as at 31 December 2022 with 2.5% of the contracts to be settled in 2023.

As a result of the foreign exchange loss, the Group's EBITDA and pre-tax profit fell y-o-y by 5.8% and 5.0% to $90.3 million and $80.7 million respectively. Effective tax rate was higher at 16.8% following prior year full utilisation of tax incentive from the Group's operations in China. Thus, the Group reported a 9.7% y-o-y decline in FY2022 net profit to $67.2 million. Basic and diluted EPS declined from 10.0 cents in FY2021 to 8.70 cents in FY2022.

Excluding the impact of foreign exchange loss, the Group's proforma EBITDA, pre-tax profit and net profit would record y-o-y improvement of 53.2%, 61.6% and 66.4% to $146.9 million, $137.3 million and $123.8 million respectively. Proforma basic and diluted EPS would be 16 cents in FY2022.

Positive Free Cash flow and Healthy Balance Sheet

The Group generated $104.0 million of free cash flow in FY2022. Its balance sheet remained healthy with cash and bank balances of $196.0 million, and a net cash of $187.5 million as at 31 December 2022.

Net current assets remained healthy at $264.4 million as at 31 December 2022 compared with $271.3 million a year ago. The reduction in overall net assets was mainly due to the translation loss on overseas subsidiaries' net asset balances.

Meanwhile, accumulated profits increased by 5.9% y-o-y to $96.7 million following dividend payments of $38.6 million in May 2022 and $23.2 million in November 2022. As at 31 December 2022, the Group's NAV per share was 37.0 cents compared with 38.0 cents as at 31 December 2021.

Mapping Opportunities for Growth

The Group's disciplined balance sheet and cost management strategy ensured adequacy of financial resources for both operational and expansion needs of its business.

Operationally, the Group has been enhancing its manufacturing facilities to secure excellent business execution capability to optimising factors of production and output across its manufacturing network in Dongguan, China and Johor, Malaysia.

In efforts to building a stronger foundation to harvest greater operating leverage for the Group, the addition of the new Pasir Gudang manufacturing plant in Johor, Malaysia is timely to support the Group's growth and provide for the production diversification needs of our customers.

Mapping Opportunities for Growth *Cont'd*

With a built-up area of approximately 300,000 sq. ft., the Pasir Gudang manufacturing facility plays a critical role in expanding the Group's manufacturing capacity, design and manufacturing capabilities for IoT devices and data-communication products in Malaysia. The facility would, thus, position the Group in seizing greater value orders from customers and capture new growth opportunities in the IoT space through closer collaborations with customers to design and build smarter products. The facility is expected to commence operations in the second quarter of 2023.

The Group will also be taking a proactive and deliberate approach to integrate sustainability principles in the development of responsible and climate-resilient business strategy to future-proof its key technology enabling capability to create long-term value for its stakeholders.

Outlook

The future of the IoT industry remains bright underpinned by the growth of wireless networking technologies including Wi-Fi, Bluetooth, ZigBee, Z-Wave, Instron and Digital Enhanced Cordless Telecommunications. The growing need for digitalisation, increasing penetration of communication and networking technologies, advances in machine learning and Artificial Intelligence technologies, increase in the availability of cloud computing platforms, and increase in the use of sensors are also expected to contribute to the IoT devices market[6].

Though the long-term prospects of the IoT market remains promising, the Group is cautiously optimistic of its business for 2023. The supply chain challenges and inflationary cost pressures are expected to persist into the year, while the ongoing geopolitical tensions will impact the dynamics of the electronics supply chain.

Elsewhere, the tightening of monetary policies by major central banks to contain inflation is expected to continue to inject volatility to foreign exchange rate movements, as well as soften electronics demand in major markets such as the United States, European Union and the United Kingdom.

Nevertheless, the Group's order book remains strong. As at 31 December 2022, it has secured an order book of $633.9 million. It has since obtained additional orders of $84.7 million as at 17 February 2023, thus, bringing the total order book to a strong $718.6 million which is scheduled for completion in FY2023.

While the Group will be working on ramping up its new Malaysia operations at Pasir Gudang in Johor, it will continue to manage its order book by balancing and co-ordinating customer orders across its manufacturing plants to achieve timely and efficient delivery.

Proposed Final Dividend

The Board of Directors ("the Board") recommends a second and final dividend of 1.5 cents a share on a one-tier tax-exempt basis for shareholders' approval at the forthcoming Annual General Meeting. If approved, the final dividend will be paid on 17 May 2023. Including the interim dividend paid in November 2022, the total dividend for FY2022 will be 4.5 cents a share. This represents a distribution of 51.7% of the Group's attributable profit before exceptional items.

It remains the intention of the Board in FY2023 to recommend dividends of at least 30% of the Group's net profit after tax to reward our Shareholders for participating in the Group's growth. Dividends paid out to shareholders were at a higher 51.7% of the Group's net profit in FY2022.

6 *IoT Devices Market Size and Forecast, Verified Market Research, November 2022: IoT devices market size was valued at US$83.76 billion in 2021 and is projected to reach US$508.25 billion by 2030, growing at a 2023-2030 CAGR of 22.19%. IoT Market Size and Forecast, Verified Market Research, 9 February 2023: IoT market was valued at US$1,186.20 million in 2021 and is projected to reach US$6,075.70 million by 2030, growing at a 2023-2030 CAGR of 19.91%.*

Acknowledgement

As part of our commitment to a strong and diverse Board, we welcomed Ms Jeann Low who joined the Board on 1 August 2022 as Independent Director and a member of the Audit Committee. Ms Low's relevant financial experience, along with her expertise in high-tech telecommunication industry and deep strategic insight has been a valuable addition to the Board.

On behalf of the Group, I, hereby, extend my sincere appreciation to fellow directors for their valuable foresight, guidance and support to the Group's steady growth in the face of challenges and uncertainties to steering the Group in furtherance of Aztech's purpose and vision.

In Appreciation

On behalf of the Board, I thank our staff and management for their commitment and hard work, without which the Group would not have been able to navigate these uncertainties with confidence.

To our valued customers, suppliers and business partners, we thank you for your confidence in us and unwavering support for our 36th year of business. We look forward to your continued support.

We are also grateful to our community partners whom we have journeyed and journeying with in shaping our shared objective of co-creating sustainable impacts that matter.

Lastly, we thank our Shareholders for staying the course with us, and we reiterate our commitment to staying lean and nimble, seizing meaningful opportunities for growth.

Michael Mun
Group Executive Chairman & CEO

Board of Directors

Michael Mun

Executive Chairman and Chief Executive Officer

Tan Teik Seng

Lead Independent Director

Larry Tan

Independent Director

Jeremy Mun

Executive Director and Chief Operating Officer

Christopher Huang

Independent Director

Jeann Low Ngiap Jong

Independent Director

Michael Mun | Age: 73

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Date of first appointment as a Director | 27 May 2009

Date of last re-election as a Director | 28 April 2022

Board Committee memberships: -

Number of directorships in other listed companies as at 31 December 2022: -

Mr Michael Mun Hong Yew, founder of the Group, is the Executive Chairman and Chief Executive Officer of Aztech Global Ltd. With more than 45 years of experience in the electronics industry, Mr Mun is responsible for steering the Group's strategic growth. In addition to identifying and implementing business growth strategies, he is also responsible for overseeing the operating functions and growth platforms of the Group. Mr Mun began his career in 1975 with the Singapore office of Rank O'Connors, a British consumer electronics distributor, before the founding of Aztech in 1986. He has successfully transformed the Group from a PC manufacturer to a multi-disciplinary business that designs, manufactures and sells IoT devices, data-communication, niche LED lighting and other electrical products today.

Jeremy Mun | Age: 47

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Date of first appointment as a Director | 8 August 2017

Date of last re-election as a Director | 30 April 2021

Board Committee memberships: -

Number of directorships in other listed companies as at 31 December 2022: -

Mr Jeremy Mun Weng Hung is the Executive Director and Chief Operating Officer of the Group. Jeremy is responsible for the day-to-day operation and management of the Group's businesses, in particular the manufacturing facilities in the PRC and Malaysia. He is also responsible for directing the Group's manufacturing network and growth. Currently, he also heads the Sustainability Committee, and is responsible for the development, formalisation and implementation of sustainability policies, objectives and strategies. Jeremy has been with the Group since 2002, and was previously involved in the product development and sales of LED lighting business prior his current role.

Jeremy holds a Bachelor of Science in Management from the University of London.

Tan Teik Seng | Age: 68

LEAD INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 30 April 2021

Board Committee memberships:
- Chairman, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Number of directorships in other listed companies as at 31 December 2022: -

Mr Tan Teik Seng is the Lead Independent Director and Chairman of the Company's Audit Committee since his appointment to the Board on 19 February 2021. He is also the executive director of Teleios SC Pte Ltd, a boutique executive search firm. Mr Tan possesses over 30 years of experience in the electronics industry, and his previous appointments include senior managing director of Advanced Micro Devices (Singapore) Pte Ltd, where he managed the business' Singapore and regional operations.

In addition, Mr Tan held directorships in Nasdaq-listed O2Micro International Ltd from 2010 to 2022 and in non-profit organisations. From 2015 to 2019, he was the Vice-chairman of the board of directors of The Helping Hand, a halfway house for the rehabilitation of ex-drug addicts. At Bizlink Centre Singapore Ltd, a non-profit organisation that provides sheltered workshop and employment placement services for the disadvantaged and disabled, he was a non-executive director from 1999 to 2013, and was the chairman of its board from 2001 to 2010.

Mr Tan holds a Bachelor in Electrical Engineering and a Master of Science in Industrial Engineering from the National University of Singapore. He is a Fellow of the Singapore Human Resource Institute and a member of the Singapore Institute of Directors.

Larry Tan | Age: 65

INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 30 April 2021

Board Committee memberships:
- Chairman, Remuneration Committee
- Member, Audit Committee
- Member, Nominating Committee

Number of directorships in other listed companies as at 31 December 2022: -

Mr Larry Tan is the Independent Director and Chairman of the Company's Remuneration Committee since his appointment to the Board on 19 February 2021. Mr Tan is currently a retiree. Prior to his retirement, Mr Tan was the Asia President of Texas Instruments Singapore Private Limited from July 2007 to his retirement in July 2018. Mr Tan started his career in 1979 as a process engineer at the memory product division of Texas Instruments Singapore Private Limited before taking on few other portfolios as engineering manager, manufacturing manager as well as site quality and reliability manager. Subsequently, he assumed the role of vice president of marketing in the Asia Pacific sales and marketing division in 1991 prior to being the vice president of sales from 1993.

Mr Tan holds a Bachelor of Science with Honours Class 1 (Mechanical Engineering) from the University of Birmingham and a Master of Business Administration from Brunel University.

Christopher Huang | Age: 37

INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 28 April 2022

Board Committee memberships:
- Chairman, Nominating Committee
- Member, Audit Committee
- Member, Remuneration Committee

Number of directorships in other listed companies as at 31 December 2022: 1

Mr Christopher Huang is the Independent Director and Chairman of the Company's Nominating Committee following his appointment to the Board on 19 February 2021. In addition, Mr Huang is the independent non-executive Chairman of the Mainboard listed Fu Yu Corporation Limited, and chairs the remuneration committee. He is also the managing director of CHP Law LLC and advises on various areas of law, with a focus on the legal and tax aspects of cross border commercial transactions, including transfer pricing. Prior to his founding of CHP Law LLC in April 2019, Mr Huang headed CNP Tax and Advisory Pte Ltd and the tax practice group of Colin Ng & Partners LLP. He joined Colin Ng & Partners LLP (now known as CNPLaw LLP) in April 2015 and was made a partner in 2018. He started his career as an accountant at Hastings Deering Australia Limited, and has worked as business manager at Adcomp Technology Pte Ltd, as a tax associate in the transfer pricing department of PricewaterhouseCoopers and as a tax lawyer at VoskampLawyers.

Mr Huang holds a dual degree in law (LL.B.) and commerce (B.Com) from the University of Queensland (Australia).

Jeann Low Ngiap Jong | Age: 62

INDEPENDENT DIRECTOR

Date of first appointment as a Director | 1 August 2022

Date of last re-election as a Director | -

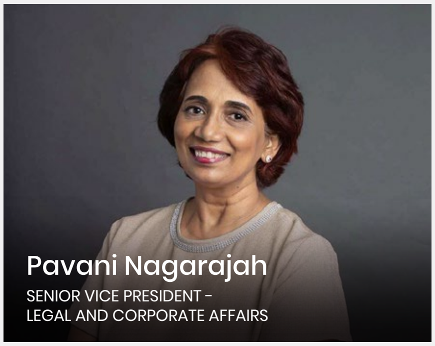
Board Committee memberships:
- Member, Audit Committee

Number of directorships in other listed companies as at 31 December 2022: 3

Ms Jeann Low Ngiap Jong was appointed to the Board as Independent Director on 1 August 2022, and is a member of the Company's Audit Committee. Ms Low is also the Independent Director and member of the Audit Committee of CapitaLand Integrated Commercial Trust Management Limited, the Manager of Mainboard listed CapitaLand Integrated Commercial Trust, Non-Executive Director and member of Nomination and Compensation Committee of Advanced Info Service Public Company Limited, and Non-executive Director of Intouch Holdings Public Company Limited. Prior to her current role as Senior Advisor to Singapore Telecommunications Limited ("Singtel"), Ms Low was the Group Chief Corporate Officer of Singtel from April 2015 until her retirement in April 2021. As the Group Chief Corporate Officer, Ms Low was responsible for Singtel's corporate functions including mergers and acquisitions, corporate communications, legal, regulatory, risk management and procurement. She was previously Singtel's Group Chief Financial Officer for seven (7) years. Ms Low joined Singtel in October 1998 as Group Financial Controller and held several management roles including Executive Vice President of Strategic Investments and CFO of Optus.

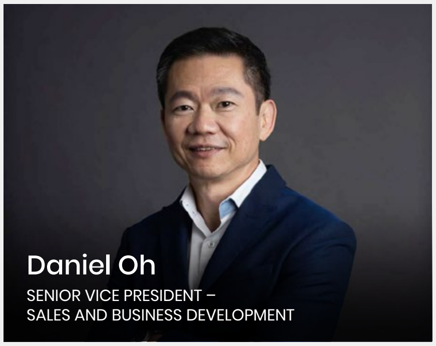
Ms Low holds an Honours Degree in Accountancy from the National University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

Senior Management



Pavani Nagarajah is the Senior Vice President of Legal and Corporate Affairs. She is responsible for overseeing all legal and corporate matters of the Group, and ensuring compliance with statutory and regulatory requirements. As the head of legal, Pavani oversees all of the Group's legal functions and works with the management team to identify, assess and mitigate legal risk exposures from the Group's business contracts and transactions. In addition to the legal portfolio, she heads the investor relations and human resource departments of the Group. Pavani has been with the Group for more than 25 years. She was previously a Senior Manager, Legal at Yamaha Music (Asia) Pte Ltd in Singapore.

Pavani holds a Bachelor of Laws from the National University of Singapore.

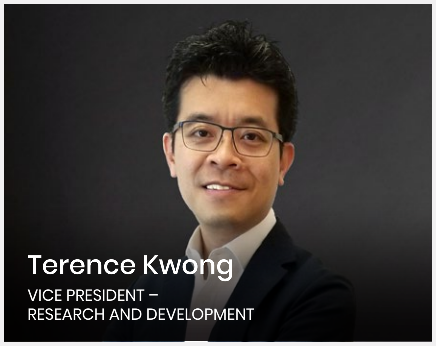


Daniel Oh is the Senior Vice President of Sales and Business Development. He oversees and drives the business development activities of the Group's OEM/ODM/JDM/CMS for IoT devices and Data-communication products division. Daniel has been with the Group for more than 27 years and has accumulated more than 30 years of experience and knowledge in international sales for advanced and inter-connected devices. Prior to joining the Group in 1996, he was a Sales and Production Manager at Trio-Tech International Pte Ltd.

Daniel holds a Diploma in Electrical Engineering from Singapore Polytechnic and an Advance Diploma in Management Studies from the Singapore Institute of Management.

Annie Qian is the Financial Controller and oversees financial matters of the Group relating to financial management, financial reporting, compliance, taxation and treasury functions. Annie joined the Group in July 2016 as finance manager, and was subsequently promoted to the current position in November 2017. Formerly, Annie was an Accountant at MindChamps Singapore Pte. Limited from January 2012 to October 2013 and at Sheffield Offshore Services Pte Ltd from November 2013 to April 2014. She was a Senior Accountant at Dealguru Holdings Pte. Ltd. from May 2014 to June 2016.

Annie holds a Bachelor of Science in Applied Accounting (Honors) from Oxford Brookes University, and is a member of the Institute of Singapore Chartered Accountants.



Terence Kwong is the Vice President of Research and Development. He oversees the R&D activities of the Group and has been with the Group for more than 18 years. Possessing over 26 years of professional experience in electronics and product development, he has developed expertise in electronics and mechanical engineering integration that delivers strong concept-to-product realisation experience. Leveraging on his expertise, Terence is leading the Group's product development and technologies research teams for IoT, Data-communication and smart LED lighting products and is responsible for charting the Group's technological roadmap.

Terence holds a Bachelor of Engineering in Electronic Engineering from the City University of Hong Kong.

Operations Review

New facility at Pasir Gudang, Johor, Malaysia is expected to commence operations in the second quarter of 2023.

Despite challenges posed by the continuation of zero-Covid strategy in China, component shortages, labour and logistical constraints, the Group achieved another year of record revenue with positive free cash flow of $104.0 million in FY2022.

The Group continued with its 3-pronged approach to mitigate the impact of component shortages. The approach includes active collaborations with customers on design changes to substitute for available alternative components, leveraging its close working relations with long-term suppliers, and expansion of alternative supplier base. The approach had largely been effective in enabling the Group to secure majority of its component needs to meet higher production volume and shipment of IoT devices and data-communication products to our customers.

Strategic Manufacturing Infrastructure

The first quarter of 2022 witnessed the most challenging COVID-wave in China ever since the start of the pandemic in 2020. The Group's manufacturing operations in Dongguan was served stop work order on 15 March 2022 when the Dongguan government announced a mass PCR testing exercise for all residents within the city to control the spread of COVID-19 in a nation-wide zero-COVID policy. Full operations in Dongguan resumed on 21 March 2022. During this period, the manufacturing facility in Johor, Malaysia remained fully operational.

Aztech's wholly-owned subsidiary, IOT Manufacturing Sdn. Bhd. ("IOTM") was established in 2019 to cater for the expansion of the Group's business in the manufacturing of IoT Devices and Data-communication and LED lighting products. The Gelang Patah plant was operational since August 2020 and has expanded its built-up area to approximately 86,000 sq. ft.

As part of a wider strategy to support its growth, production diversification needs of its customers and business continuity plan, IOTM has entered into a Sales and Purchase Agreement in November 2022 to acquire 300,000 sq. ft. manufacturing facility in Pasir Gudang, Johor, Malaysia for a total consideration of RM66.8 million, (or $20.0 million equivalent) which will be funded through Aztech's IPO proceeds and bank borrowings. The Pasir Gudang facility is conveniently linked to expressways and is in close proximity to the Gelang Patah facility.

The manufacturing facility in Pasir Gudang, Johor, Malaysia is expected to commence its operations in the second quarter of 2023, and will be equipped with SMT, final assembly, test and packaging capabilities.

Meanwhile, the Changping Town Government has issued a further certification confirming for the period until March 2025 that the factories on the land in Dongguan will not be subject to any risk of demolition or being withdrawn from leasing. The Group used to operate a smaller facility in Dongguan. Following the planned expansion of the Group's production capacity in Malaysia, the lease of the smaller facility in Dongguan was not renewed upon expiry in December 2022.

With the network of strategic manufacturing infrastructure in place, manufacturing teams at Dongguan and Johor would continue on their productivity optimisation efforts, and collaborate with the business development and R&D teams to support the growth of the Group as a key technology enabler for the connected world of tomorrow.

IoT Devices and Data-communication Products

Riding on the Group's core strengths and entrenched position with customers in the IoT space, revenue derived from IoT Devices and Data-communication products recorded an increase of 34.3% y-o-y to $801.7 million in FY2022. The gain in revenue led to 2.1 percentage points increase in revenue contribution from the segment to 97.7% of the Group's total revenue.

The IoT Devices and Data-communication products continued to be the key revenue growth driver, led by the Group's unwavering focus on higher value content segment since 2018. The segment continued to grow at a strong compounded annual growth rate of 45.7% from $177.8 million in FY2018 to $801.7 million in FY2022.

Revenue ($'000)

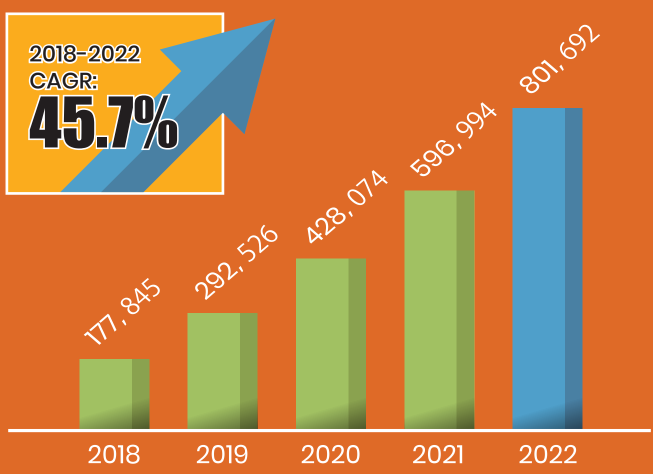


Figure 1: 2018-2022 Revenue CAGR of IoT devices and Data-Communication Products

Competitiveness, quality products and expanding IoT product range including smart security cameras, smart home and automation products, smart wearables and smart weather forecast electronic devices over the years were impetus sustaining demand from its customer base, and driving the Group's progressive penetration in health-tech, automotive, lifestyle consumer and industrial sectors.

While the team continues its engagement with customers on synergistic development opportunities and gears up its new Pasir Gudang facility in Malaysia, the Group remains committed to growing its portfolio of IoT customers and product offerings to enhance its growth resiliency and widen its portfolio of high-quality customers through ODM, OEM, JDM or CMS arrangement. As at 17 February 2023, the Group has secured a strong order book of $718.6 million in 2023, and will manage its order book by balancing and co-ordinating customer orders across its manufacturing plants to ensure timely and efficient delivery.

LED Lighting Products

Amidst the Group's deliberate phasing out of labour intensive and commoditised LED lighting products to improve its revenue mix and productivity, revenue from the segment fell by 37.5% y-o-y to $16.8 million in FY2022, and contributed slightly over 2% of the Group's total revenue.

Currently, the Group manufactures niche LED lighting products used in residential, commercial and industrial applications through OEM, ODM, JDM and CMS services. It also specialises in the design and development of higher value Smart Lighting Systems and has established various sales channels for public and private tenders.

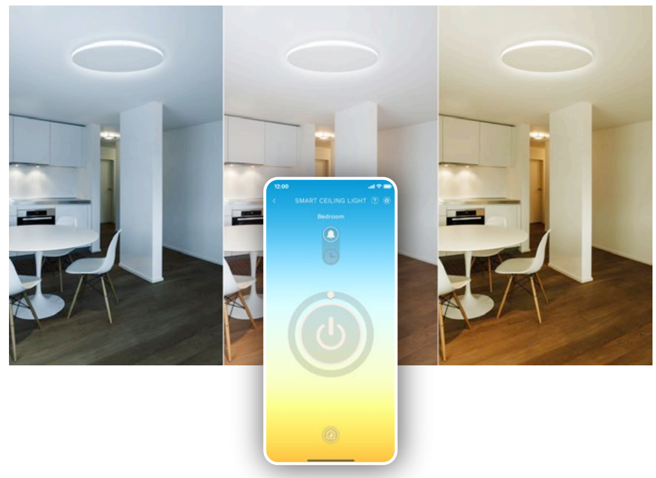
As the Group pivots towards the development of higher value, niche and smart lighting solutions, it will continue to focus on leveraging its scalable IoT domain expertise to develop and monetise its Smart Lighting Systems across the various exciting applications to unleash opportunities for growth.

Other Electrical Products

Following a series of product realignment and recalibration initiatives, the Group has expanded its list of electrical products sold in this segment. In addition to kitchen appliances and other home and living products, it has included the distribution of its wide range of IoT devices and data-communication products under its proprietary "Aztech" and "Kyla" brands through channel partners and e-commerce platforms.

Revenue from the other electrical products segment increased from $0.4 million in FY2021 to $1.7 million in FY2022 and contributed about 0.2% of the Group's total revenue for the year.

The increase in contribution was largely due to wider range of electrical products following the product realignment and recalibration initiatives. It remains the Group's intention to continue with these initiatives to draw deeper insights and understanding on consumer behaviour to design and build product relevant to the evolving needs of our consumers.



Innovating for Growth

Innovation has always been a part of the Group's DNA that shapes its growth. As a one-stop design and manufacturing services provider for IoT devices, Data-communication and niche LED Lighting products, it is imperative to innovate and build R&D capabilities to engineer sustainable new product development and long-term success of the business.

To entrench its position as a manufacturing partner of choice, the Group is committed to sharpen its R&D and product development capabilities through active talent acquisition and development, while continuing its synergistic development with business partners via the ODM, JDM and design services avenues across different products including smart LED lighting, data-communication and IoT products. Further efforts would also be directed towards technical research in AI technology essential to innovating and enriching the features and performance of products across different applications to drive growth forward.

Leveraging its network of manufacturing infrastructure, particularly with the Group's timely addition of the Pasir Gudang manufacturing capacity in Malaysia, and wealth of industry experience and technical know-how, the Group is well-positioned to unleashing meaningful and sustainable opportunities with its customers, business partners and stakeholders for many exciting years to come.

Mapping the Future, Today

The Group reckons the importance of embedding sustainability principles and practices to its business strategy, model, processes and policies to safeguard the long-term value creation of Aztech, and believes strong governance, ethics and deployment of responsible and sustainable operating procedures form the bedrock for its long-term success.

In recognition of the unique role and opportunity Aztech plays in the transition to a climate-resilient and inclusive world as a key technology enabler for the connected world of tomorrow, the advancing of sustainability goals and making of positive impacts to material economic, environmental, social and governance (collectively known as "EESG") topics remain core to shaping Aztech's future. Hence, stakeholder engagement exercise was conducted as part of the materiality assessment exercise to robustly reflect changes in the sustainability environment of the Group. New topics relating to anti-competitive behaviour, waste, materials and human rights were included in Sustainability Report 2022 to address the impact Aztech has on each topic.

Amidst increasing urgency to prioritise efforts to combat climate change, the Group is leveraging on the Taskforce on Climate-related Financial Disclosure ("TCFD") framework to develop its decarbonisation strategy towards its ambitious target of net-zero carbon emissions by 2040. In conjunction, the Group, in its commitment to considering climate-related impacts in business financial planning, plans to implement the necessary tools and systems to fully assess the impacts through scenario analysis in the coming years to mitigate risks arising from the transition to a lower carbon economy. Aztech has begun a phased implementation of climate-related disclosure starting from FY2022.

In a bid to focus our resources to making positive impacts on material EESG topics, the Group has identified five key sustainability thrusts that further our sustainability strategy as responsible business to advance our sustainability agenda. By incorporating these five thrusts into our sustainability strategy, we can create a more robust and sustainable business model. They are as follows:

(1) Aztech Ethos

Built on the foundation of the Aztech Core that defines our unique existential purpose and fulfillment as the key technology enabler for the connected world of tomorrow, the Aztech Ethos of impacting lives with smarter solutions is the key enabling DNA that fulfills our corporate purpose, vision and mission sustainably.

At the core is our Vision and Mission of "Delighting people with smarter solutions" that directs our focus on building fundamentals, nurturing strengths, innovation and diversity with the purpose of fortifying our three sustainability pillars of economic, environmental and social wellness through upholding the spirit and substance of corporate governance.

Each member of the Aztech family is guided by our core values of Integrity, Commitment and Excellence that encapsulate the key enabling culture - of doing the right thing even when it is not easy and committing to transform a promise to reality while embracing excellence - to fulfill our sustainability vision by impacting lives with smarter solutions.

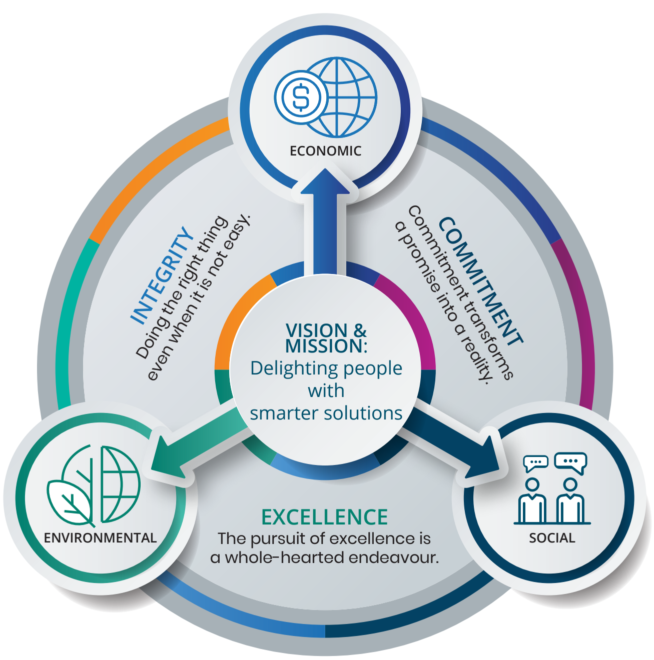


Diagram 1: Aztech Ethos

(2) Smarter Product

As a key technology enabler for the connected world of tomorrow, we seek to support our customers with smarter, simpler and greener product design, engineering and manufacturing processes through R&D, training, innovation, automation and digitalisation to achieve sustainable business outcomes, collaborations and relations.

(3) Responsible Sourcing

Aztech seeks to be the responsible partner to our suppliers and customers through responsible sourcing that begins with the passing of our stringent qualification processes which includes social compliance and practices such as conflict-free minerals sourcing, no child and compulsory and forced labour, right to safe workplace to reduce negative human rights impacts within our operations and supply chain. Suppliers and business partners are annually assessed to ensure compliance and best practices to deepen business relations and develop resilient supply chain with responsible sustainable partners.

(4) Waste Minimisation

Aztech is minimising our environmental footprint internally across operational processes through improvement in resource efficiency initiatives, adoption of green alternatives and application of the 5Rs – refuse, reduce, reuse, repurpose and recycle – to our waste minimisation thrust to conserve scarce resources towards zero waste in the long-term.

(5) Decarbonisation

As part of the global community in combating climate change, Aztech has pledged to achieve net-zero carbon emissions by 2040. We are committed to decarbonise through business changes and innovations, including efficiency improvements, materials reduction, deployment of renewable energy and other economically feasible carbon elimination strategies for scope 1, 2 and 3 GHG emissions, and neutralise any remaining emissions with quantifiable, permanent and socially-beneficial offsets. The Group is working on its decarbonisation roadmap that will progressively incorporate changes in sustainability landscape and implementation of imperatives to achieve its target.

We are glad to share that Aztech has delivered majority of its FY2022 targets (ESG Metrics can be found at page 7 of Annual Report 2022). The Group will continue working with its major business partners across the value chain to align and attain medium and longer-term goals in our transition to be a resource-efficient, climate-friendly and inclusive key technology enabler for the connected world of a greener, fairer and more sustainable tomorrow.

For more information on the Group's sustainability initiatives, progress and targets, please refer to Aztech Global Ltd. Sustainability Report 2022 which can be downloaded at https://www.aztechglobal.com/sustainability/index.html

Corporate Governance Report

Aztech Global Ltd. (“**Aztech**”, the “**Group**” or the “**Company**”) is fully committed to upholding the highest standards of corporate governance and has in place a robust governance framework with well-defined policies, internal controls and business practices to maintain integrity and accountability in all its activities and to protect the interests of its shareholders. The Group has complied in all material respects with the principles and provisions of the Singapore Code of Corporate Governance 2018 (the “**Code**”).

This report sets out the Group’s corporate governance practices with reference to the Code. Any deviations from the provisions of the Code are appropriately explained to demonstrate that the Company’s practices are consistent with the intent of the Code.

BOARD MATTERS

PRINCIPLE 1- THE BOARD’S CONDUCT OF AFFAIRS
PRINCIPLE 2- BOARD COMPOSITION AND GUIDANCE

The Board’s Role

The Board of Directors (“**Board**”) oversees the business affairs and performance of the Group and sets the strategic direction of the Group, with a focus on creating value for its shareholders and ensuring the long-term success of the Group through innovation and sustainability. The directors of the Company (“**the Directors**”) are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance.

The Board’s principal functions include providing guidance to Management on the Group’s strategy, reviewing Management’s performance, overseeing the corporate governance of the Group and setting the tone for the Group in relation to values and ethical standards of conduct.

The Board is also responsible for establishing and overseeing the implementation of a sound risk management framework to identify, manage and mitigate risks, ensuring compliance with the applicable legislative and regulatory requirements, reviewing and approving budgets and financial plans, monitoring the Group’s financial performance, approving the remuneration polices and guidelines for the Board and Management, reviewing the performance of senior Management and overseeing succession planning.

The term “Management” is used interchangeably with “Key Management Personnel” in this Annual Report.

Matters Requiring Board Approval

The Group has established financial authorisations and approval limits for operating and capital expenditures and the acquisition and disposal of investments. All commitments to term loans and credit lines from banks require the approval of the Board. Board approval is required for any investment, divestments or capital expenditure, in particular, the following:

(a) any sale, lease, transfer or disposition (other than a mortgage) of any capital asset of the Group exceeding a certain material limit in value;

(b) any investment by the Group, which is not in the ordinary course of the Group’s business;

(c) any sale, lease or acquisition of any site or building and/or any immovable property which has any expenditure in excess of a certain material limit per year;

(d) any expenditure by the Group in excess of a certain material limit which is not in the budget;

(e) the commencement of any new major undertaking by the Group which is not connected directly or indirectly with the business of the Group and which requires any investment in excess of a certain material limit; and

(f) the provision of any guarantee by the Group in excess of a certain material limit or which is not in the ordinary course of the business of the Group.

All matters which are not specifically reserved for the Board and are necessary for the day-to-day management of the Company and the implementation of corporate objectives are delegated to Management.

Board Size and Composition

The Board comprises the following Directors:

Name of Director	Age	Position held on the Board	Nature of Appointment
Michael Mun	73	Executive Chairman and CEO	Executive/ Non-Independent
Jeremy Mun	47	Executive Director and COO	Executive/ Non-Independent
TS Tan	68	Lead Independent Director	Non-Executive/ Independent
Larry Tan	65	Independent Director	Non-Executive/ Independent
Jeann Low	62	Independent Director	Non-Executive/ Independent
Christopher Huang	37	Independent Director	Non-Executive/ Independent

*Mr Jeremy Mun is the son of Mr Michael Mun.

Further key information of the Directors are disclosed at pages 12 to 14 of this Annual Report.

The size and composition of the Board are reviewed from time to time by the Nominating Committee. The Nominating Committee seeks to ensure that the size of the Board is conducive for effective discussion and decision-making and that the Board has an appropriate balance of executive, independent and non-independent Directors and diversity in expertise, skills and attributes among the Directors.

The Board comprises two (2) Executive Directors and four (4) independent Directors who are independent from Management, the Company's substantial shareholders and the Company's wholly-owned subsidiaries. The Board has appointed a Lead Independent Director. A description of the role of the Lead Independent Director is set out on page 28.

Board Committees

The Board has established the following three (3) committees to assist the Board in discharging its responsibilities:

(a) Audit Committee ("**AC**")

(b) Nominating Committee ("**NC**")

(c) Remuneration Committee ("**RC**")

Each Board Committee has written terms of reference which set out its composition and responsibilities. These terms of reference are regularly reviewed to ensure their continued relevance and to reflect any changes in corporate governance or legal practices. Any changes to the terms of reference of any Board Committee will require Board approval. Each Board Committee comprises only Independent Directors.

The Board Committees report their decisions and/or recommendations to the Board. Notwithstanding the delegation of authority to the Board Committees on specified matters, the ultimate responsibility for all matters lies with the Board. The key responsibilities of the respective Board Committees are as follows:

Key Responsibilities of the Board Committees		
AC	**NC**	**RC**
• Monitoring financial performance • Identify and manage significant risks	• Overseeing Management's performance • Succession Planning	• Determining and reviewing compensation levels

Board and Board Committee Meetings

The Board of Directors and Board Committees meet regularly to discuss corporate governance, strategy and operational matters. Ad hoc meetings may be held as and when warranted by circumstances.

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors to enable the Directors to plan ahead for their attendance at these meetings.

The Board of Directors and Board Committees are provided with the agenda, board papers and any other relevant materials prior to each Board and Board Committee Meeting to enable them to be properly informed of matters to be discussed and/or approved at such meetings. Attendance at Board and Board Committee meetings via electronic means is permitted under the Company's Constitution. Directors who are unable to attend a Board or Board Committee meeting can discuss issues relating to the matters to be raised at the meeting with the other Board or Board Committee members.

A record of the Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2022 ("**FY2022**") is set out below.

Directors' attendance at Board/ general meetings during FY2022

Name of Director	Board Meetings	Independent Directors' Meeting	Annual General Meeting on 28 April 2022
Michael Mun	6 of 6	N/A	✓
Jeremy Mun	6 of 6	N/A	✓
TS Tan	6 of 6	✓	✓
Larry Tan	6 of 6	✓	✓
Jeann Low	2 of 2*	✓	**
Christopher Huang	6 of 6	✓	✓

* Two (2) Board meetings were held since Ms Jeann Low's appointment as a Director of the Company on 1 August 2022.

** The Annual General Meeting was held prior to Ms Jeann Low's appointment as a Director of the Company.

Directors' attendance at Board Committee meetings during FY2022

Name of Director	AC	NC	RC
Michael Mun	6 of 6 (by invitation)	3 of 3 (by invitation)	3 of 3 (by invitation)
Jeremy Mun	6 of 6 (by invitation)	3 of 3 (by invitation)	2 of 2 (by invitation)
TS Tan	6 of 6	6 of 6	6 of 6
Larry Tan	6 of 6	6 of 6	6 of 6
Jeann Low	2 of 2*	N/A	N/A
Christopher Huang	6 of 6	6 of 6	6 of 6

* Two (2) AC meetings were held since Ms Jeann Low's appointment as a Director of the Company on 1 August 2022.

Independent Directors

A Director is considered independent if he or she has no relationship with the company, its related corporations, substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The Board considers the existence of relationships or circumstances, including those identified by the Listing Manual of the SGX-ST ("**Listing Manual**") and the Practice Guidance to the 2018 Code ("**Practice Guidance**"), that are relevant in its determination as to whether a Director is independent.

The responsibilities of the Independent Directors include:

(a) assisting with developing and reviewing plans and strategies proposed by the Executive Directors and Management;

(b) reviewing the performance of Management in achieving goals and objectives; and

(c) evaluating Board processes, succession planning, corporate governance initiatives and the Group's performance.

The Independent Directors, led by the Lead Independent Director, meet at least once a year without Management to review Management's performance in meeting goals and objectives, or to discuss any other relevant matters. Such meetings allow the Independent Directors to provide objective and independent checks on Management. Feedback is also provided by each Director in a formal Board Evaluation Questionnaire conducted annually. The feedback provided is consolidated in a report which is presented to the NC and the Board for review. All Directors have demonstrated objectivity in their deliberations in the best interests of the Company.

The NC reviews the independence of Directors annually, and as and when circumstances require, pursuant to guidelines set out in the Code and Rule 210(5)(d) of the Listing Manual and presents its recommendations to the Board. Directors are required to disclose any relationships with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence, as and when they arise. The Independent Directors complete an annual declaration form confirming his or her independence which is then reviewed by the NC.

Based on the declarations provided by the Directors and taking into account the guidance in the Code, the Listing Manual and the Practice Guidance, the Board with the input of the NC has determined that Mr TS Tan, Mr Larry Tan, Ms Jeann Low and Mr Christopher Huang are each independent. Each such Director had abstained from the review and determination of their independence status by the NC and the Board.

Conflicts of Interest

Each Director is required to disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as practicable after he or she becomes aware of the relevant facts. Each Director is also required to submit, annually, the details of his or her other directorships and interests in other entities for the purpose of monitoring interested person transactions. In the event a Director has a conflict of interest in relation to a matter, the Director will recuse himself or herself from all discussions involving the issues of conflict, unless the Board is of the opinion that the Director's presence and participation is necessary, but shall in any event recuse himself or herself from any decision-making in relation to such issues of conflict.

Access to Management

Prior to each Board and Board Committee meeting, the agenda, and any reports and documents pertaining to the agenda items are circulated to the Board or the Board Committee members. This ensures that the Board and Board Committee members are allowed sufficient time to review the information and seek clarification if required.

Management regularly provides the Board with updates on the Group's operational and financial performance and the operational challenges for the Group. Budgets are discussed annually and any material variances between the projections and actual results are explained comprehensively by the finance team. The finance team presents the financial highlights and a detailed analysis of each quarter's performance and also addresses any queries that the Board may have. The Board has separate and independent access to Management.

Company Secretary

In addition to the above, the Board of Directors has separate and independent access to the Company Secretary, and external independent professional advice where necessary, at all times at the Company's expense. The Company Secretary assists in the coordination and liaison between the Board, the Board Committees and Management, attends the Board and Board Committee meetings and prepares minutes of these proceedings and assists with the proper functioning of the Board, including compliance with the Code, the Company's constitution, the Listing Manual and applicable legislation.

The Company Secretary is legally trained and experienced in company secretarial matters. The appointment and removal of the Company Secretary is subject to approval by the Board.

Induction, Training and Development

The Board values ongoing professional development and recognises that it is important for all Directors to receive regular training to enable them to serve effectively on the Board.

Newly appointed Directors are briefed by Management on the Group's business activities, strategy, governance practices and their duties and responsibilities as Directors.

Directors who do not have any prior experience as a director of an issuer listed on the SGX are provided with training on the roles and responsibilities of a listed issuer in accordance with the Listing Manual. These training costs are borne by the Group.

Directors are encouraged to undergo continual training and professional development during their term of appointment. The training courses attended by the Directors during FY2022 are as follows:

Training Courses by the Singapore Institute of Directors (SID)	Michael Mun	Jeremy Mun	TS Tan	Larry Tan	Jeann Low	Christopher Huang
LED-Environment, Social and Governance Essentials (Core)	✓	✓	✓	✓	✓	✓
Modern Governance And ESG: Connecting Board Effectiveness and ESG Implementation	–	–	–	–	✓	–
Listed Entity Director Essentials	–	*	–	*	✓	*
Board Dynamics	–	*	*	*	✓	*
Board Performance	–	*	–	*	✓	*
Stakeholder Engagement	–	*	–	*	✓	*
Audit Committee Essentials	–	–	*	*	✓	*
Board Risk Committee Essentials	–	–	–	*	–	*
Nominating Committee Essentials	–	–	–	*	–	*
Remuneration Committee Essentials	–	–	–	*	–	*

* The Directors attended these training courses during the financial year ended 31 December 2021 (“**FY2021**”).

Skills and Diversity

The Board is made up of members with diverse backgrounds, skillsets and experience (including extensive and in-depth corporate experience involving listed companies), ranging from accounting, finance, regulatory and legal expertise, industry knowledge to entrepreneurial business skills and experience in regional investment and strategic matters, which are essential and valuable for decision-making.

The Group has a Board diversity policy which considers various criteria including gender, age, background, qualifications, expertise and experience. The Group recognises that a diverse Board comprising Directors of different ages and gender and who have different knowledge, skills and experience and any other relevant attributes will enhance the effectiveness of the Board.

The Board recognises gender as a key aspect of diversity and will strive to ensure that female candidates are included for consideration when the NC seeks to identify new Director(s) to be appointed to the Board and that there is appropriate female representation on the Board, acknowledging that the Board’s needs may change from time to time depending on the skills, experience and composition of the Board.

As stated in the Company’s Annual Report for FY2021, the Board aimed to have at least one (1) female Director on the Board within a three (3) year timeframe. The Board has since achieved this target with Ms Jeann Low’s appointment as an Independent Director on 1 August 2022.

The NC will review the Group’s board diversity policy, as appropriate, to ensure its continued effectiveness. The NC shall recommend any revisions, if required, to the Board for approval.

PRINCIPLE 3- CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Michael Mun presently serves as both the Chief Executive Officer ("**CEO**") of the Company and Executive Chairman ("**Chairman**") of the Board. The combining of the roles of CEO and Chairman enables Mr Michael Mun to draw upon his extensive knowledge, skills and experience in leading and expanding the Group's business.

In compliance with Provision 3.2 of the Code, Mr Michael Mun's roles as CEO and Chairman are clearly defined in the Company's Corporate Governance Code, which has been formally approved by the Board.

As Chairman, Mr Michael Mun is responsible for leading the Board and ensuring its effectiveness, including:

(a) creating the conditions for overall effectiveness of the Board, the Board Committees and individual directors;

(b) promoting high standards of corporate governance with the full support of the Directors, the internal Company Secretary and Management;

(c) approving the agenda for Board meetings and ensuring the allocation of sufficient time for thorough discussion of agenda items;

(d) promoting an open environment for debates and ensuring that Non-Executive Directors are able to speak freely and contribute effectively;

(e) encouraging cordial and constructive relations between the Executive Directors and Non-Executive Directors;

(f) exercising control over the quality, quantity and timeliness of information flow between the Board and Management including ensuring that Directors receive accurate, timely and clear information;

(g) providing close oversight, guidance, advice and leadership to Management; and

(h) fostering constructive dialogue and relations between shareholders, the Board and Management at AGMs and other shareholder meetings.

As the CEO, Mr Michael Mun is responsible for:

(a) running the overall business and operations of the Group within the authority delegated to him by the Board;

(b) ensuring the implementation of policies and strategies across the Group as set by the Board;

(c) managing the executive and senior management team and reports to the Board;

(d) leading the development of senior management within the Group with the aim of assisting the training and development of suitable individuals for future director roles; and

(e) leading the development and execution of long-term strategies, with the goal of increasing shareholders' value.

The Board is of the view that there are sufficient safeguards in place to prevent the concentration of power and authority in any one individual and Mr Michael Mun's accountability and responsibility for each role has not been compromised as the majority of the Board comprises Independent Directors. This ensures an appropriate balance of power, sufficient accountability and independent decision-making on the Board.

Further, as recommended by Provision 3.3 of the Code, a Lead Independent Director has been appointed, which strengthens the independent element to the Board and ensures an appropriate balance of power is maintained on the Board. In addition, the AC, NC and RC comprise only Independent Directors. The Board is of the view that the Independent Directors have demonstrated a high level of commitment in their roles as Directors and have ensured that there is a good balance of power and authority on the Board.

Given the strong independent element on the Board enabling the Board to exercise independent and objective judgment in relation to the Group's corporate affairs, the Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decisions by the Directors without any excessive or unrestricted concentration of power or influence residing in any one individual.

In view of the above, the Board believes that despite deviating from Provision 3.1 of the Code, the Company's practices and safeguards are consistent with the intent of Principle 3 of the Code as there exists a clear division of responsibilities between the leadership of the Board and Management and no one individual of the Board has unfettered powers of decision-making.

The NC will conduct an annual review of the performance of Mr Michael Mun and his ability to carry out his duties as the Group's Executive Chairman and CEO, and make recommendations to the Board as appropriate.

Lead Independent Director

Mr TS Tan was appointed the Lead Independent Director ("**LID**") on 19 February 2021. As the Lead Independent Director, he leads and co-ordinates the activities of the independent Directors where the Chairman is conflicted. The LID is available to address shareholders who may have concerns in relation to matters which have not been able to be resolved through contact with the Chairman or Management or where such contact is not appropriate.

The LID may be contacted via corporate@aztech.com, as stated in the "Investor Relations" link https://www.aztechglobal.com/investor-relations/investor-relations-contact.html.

PRINCIPLE 4- BOARD MEMBERSHIP

NC Members

The members of the NC are Mr Christopher Huang (Chairman), Mr TS Tan and Mr Larry Tan. All members of the NC are Independent Directors.

The key responsibilities of the NC include reviewing the structure, size, composition and independence of the Board and its Board Committees, reviewing the training and professional development programmes for the Directors and ensuring that the new Directors are aware of their duties and obligations, and identifying the balance of skills, qualifications, experience and diversity required for the Board to effectively discharge its responsibilities. The NC also nominates candidates to meet the needs and requirements of the Group and reviews and makes recommendations to the Board on the succession plans for the Directors, the Board Chairman and Key Management Personnel.

Selection, Appointment and Re-appointment of Directors

The NC's responsibilities include making recommendations to the Board in relation to the appointment and re-election of Directors and determining the independence of the Directors. In making these recommendations, the NC reviews and evaluates the skills, knowledge and experience of the Directors on the Board and the needs of the Board, taking into consideration the Group's business strategy and plans, diversity criteria and the contribution and commitment of each Board member.

Regulation 96 of the Company's Constitution provides that the Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time to do so, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with the Constitution. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Accordingly, Ms Jeann Low shall be retiring pursuant to Regulation 96 of the Constitution, and being eligible, is offering herself for re-election at the Company's forthcoming annual general meeting on 28 April 2023 (the "**2023 AGM**").

Regulation 97 of the Company's Constitution provides that at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Further, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. In addition, Director(s) appointed by the Board during the financial year shall hold office until the next annual general meeting and thereafter be eligible for re-election at that annual general meeting. Mr TS Tan and Mr Larry Tan shall each be retiring pursuant to Regulation 97 of the Constitution, and being eligible, are offering themselves for re-election at the 2023 AGM.

The Board has accepted the NC's recommendation to seek shareholders' approval to re-elect each of Mr TS Tan, Mr Larry Tan and Ms Jeann Low, at the 2023 AGM. In making this recommendation, the NC has considered the respective Director's overall performance and contributions. Each of the three aforementioned Directors had abstained from the NC's deliberation in respect of their respective performance assessment and re-nomination as a Director of the Company.

As required under Rule 720(6) of the Listing Manual, the information relating to Mr TS Tan, Mr Larry Tan and Ms Jeann Low, each of whom is standing for re-election as a Director at the 2023 AGM, has been set out in the section titled "Additional Information on Directors Seeking Re-election".

Independence

The NC reviews the independence of Directors annually, and as and when circumstances require, and presents its recommendations to the Board. Directors are required to disclose any relationships with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence, as and when they arise. In particular, the independent Directors complete an annual independence declaration form which is then reviewed by the NC.

Based on the declarations provided by the Directors and taking into account the guidance in the Code, the Listing Manual and the Practice Guidance, the Board has determined that Mr TS Tan, Mr Larry Tan, Ms Jeann Low and Mr Christopher Huang are independent. Mr Michael Mun and Mr Jeremy Mun are the only non-independent Directors. Each Director abstained from the review and determination of their independence status by the NC and the Board.

Annual Evaluation of the Board and Directors

The NC evaluates the performance of the Board and Board Committees as a whole, and the contribution of each Director to the effectiveness of the Board, annually.

The NC also determines annually whether Directors who hold multiple board representations and other principal commitments are able to and have been able to allocate sufficient time and attention to carrying out their duties and adequately discharging their responsibilities.

Name of Director	Date of appointment	Date of Re-appointment
Michael Mun	27 May 2009	28 April 2022
Jeremy Mun	8 August 2017	30 April 2021
TS Tan	19 February 2021	30 April 2021
Larry Tan	19 February 2021	30 April 2021
Jeann Low	1 August 2022	Not applicable
Christopher Huang	19 February 2021	28 April 2022

Please refer to **Appendix A** for further information on the listed company directorships and principal commitments of all the Directors as at the date of this Annual Report.

The Company has adopted guidelines which address the competing time commitments which may arise should Directors hold multiple board appointments. These guidelines provide that each Director should not hold more than six (6) directorships in listed companies. In determining whether each Director is able to devote sufficient time to discharging his or her duties as a director of the Company, the NC considers each Director's attendance at meetings, the contributions by him or her during meetings, their personal capabilities and any other time commitments.

Having reviewed each Director's attendance and participation at meetings during the year, the NC is of the view that all Directors were able to effectively discharge their duties as Directors of the Company and the Directors who held other board appointments were nevertheless able to effectively discharge their duties as Directors of the Company.

There are no alternate Directors on the Board.

PRINCIPLE 5- BOARD PERFORMANCE

Evaluation of the Board, Board Committee and Individual Directors

The Board, with the assistance of the NC, has approved the objective performance criteria and implemented a formal process for the annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

The Board, with the assistance of the NC, undertakes a process for evaluating the performance and effectiveness of the Board, the Board Committees, the Chairman and each Director. As part of this process, each Director completes evaluation questionnaires in relation to the Board, the Board Committees and the performance of the Directors and the Chairman of the Board, the results of which are consolidated, reviewed and reported to the NC and thereafter, the Board.

The objective performance criteria in the Board and Board Committees evaluation questionnaires relate to their composition, their effectiveness in discharging its responsibilities and, in relation to the Board Committees, their independence. Directors may also provide feedback on any matters which do not fall under any of these aforementioned categories and suggest specific areas for improvement.

The questionnaire for individual Directors aims to assess each Director's contributions to the Board according to criteria such as attendance, commitment, participation, knowledge and abilities, teamwork and overall contribution to the Board.

The Board has not engaged any external facilitator in assessing the Board's performance.

The NC is of the view that the Board and the Board Committees operate effectively and each Director is able to contribute to the overall effectiveness of the Board.

REMUNERATION MATTERS

PRINCIPLE 6- PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

RC Members and Responsibilities

The members of the RC are Mr Larry Tan (Chairman), Mr TS Tan and Mr Christopher Huang. All members of the RC are Independent Directors.

The RC meets at least annually and plays a key role in ensuring that the Group is able to attract, recruit, motivate and retain the best talent through competitive remuneration. RC members abstain from decisions regarding their own remuneration.

The main role of the RC is to assist the Board in establishing a remuneration framework for the Board and Key Management Personnel, and specific remuneration packages for each Director and each Key Management Personnel. The remuneration framework includes, but is not limited to, Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind, and sets out the various performance criteria for evaluating the performance of Directors and Key Management Personnel.

Other key responsibilities of the RC include:

(a) reviewing, annually, the mix of remuneration and benefits, and the remuneration policies and practices of the Company;

(b) reviewing the performance of Key Management Personnel in accordance with the Company's leadership competencies framework and formulating plans for their continued growth within the Company;

(c) reviewing the Company's obligations in the event of termination of the service agreements of the Executive Chairman and CEO, Executive Directors and Management to ensure that the termination clauses in these agreements are fair and reasonable and are not overly generous; and

(d) administering the Group's Employee Share Option Scheme ("**Aztech ESOS**"), Performance Share Plan ("**Aztech PSP**") and Long-Term Retirement Incentive Plan ("**LTRP**") in accordance with their terms and conditions and the Listing Manual rules, and recommends to the Board any modifications, if required.

Engagement of Remuneration Consultants

The RC may, from time to time, as required, engage external consultants to advise on remuneration matters. In the event that external consultants are engaged, the RC shall ensure that the Company's relationships with these external consultants will not affect the independence and objectivity of these external consultants. The RC has not engaged external remuneration consultants in FY2022.

PRINCIPLE 7- LEVEL AND MIX OF REMUNERATION

Remuneration of Executive Directors and Management

The RC reviews the remuneration of the Executive Directors and Key Management Personnel annually and benchmarks the remuneration and employment conditions with those in the industry and in comparable companies and takes into consideration the prevailing market conditions. The RC seeks to ensure that the remuneration of Executive Directors and Key Management Personnel links rewards with performance and is competitive and appropriate to attract, motivate and retain the best talents to continually grow the Company's business, and that the remuneration framework, as approved by the Board, supports the Group's business strategies and long-term growth and enhances shareholder value.

The remuneration framework is tailored to the specific role and circumstances of each Director and Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the responsibilities and performance of these individuals.

Remuneration Policy

For FY2022, the RC has reviewed the remuneration framework and specific remuneration packages for the Board and Management to ensure that a significant proportion of remuneration is linked to performance on an annual and long-term basis, with targets appropriately set for threshold and payment for stretch and exceptional performance levels. The RC has also benchmarked the Company's remuneration packages against those in similar companies and evaluated their competitiveness in attracting and retaining highly experienced and talented individuals. Finally, the RC has also ensured that the remuneration packages are commensurate with the experience and responsibilities of the respective Key Management Personnel, are aligned with the interests of both the Key Management Personnel and shareholders, and will enable the Company to remain competitive.

The RC will review the remuneration framework and remuneration packages from time to time to ensure their continued competitiveness and relevance amidst changing market conditions.

The Executive Directors' and Management's remuneration shall be subject to review by the Board and the RC annually and adjusted, taking into account, *inter alia*, their individual contributions, the Group's performance and benchmarking against market rates.

The Executive Directors and Management may, if the RC in its absolute discretion deems fit and approvals are obtained from regulatory authorities where necessary, be entitled to participate in the Aztech ESOS and/or Aztech PSP.

The Executive Directors and Management shall also be entitled to participate in the Company's LTRP, subject to any limits as determined by the Board from time to time.

Remuneration of Executive Directors and Management

The total remuneration provides an appropriate balance between fixed and performance-related components. The remuneration structure reflects the responsibilities of the Executive Director and Management and their impact on business performance. The average pay mix average ratio of Executive Directors and Management consists of approximately 61% fixed components and 39% variable components. There are no clawbacks for malfeasance.

The key remuneration components for Executive Directors and Management are set out below:

Total Remuneration	
A. Fixed Components • Base Salary • Benefits & Provident	**B. Performance-related Components** • Variable Bonuses • Long-term Incentives

A. Fixed Components

(i) Base Salary:

The base salary reflects the particular job's market value while taking into account each employee's responsibilities, competencies and experience, and is linked to his or her long-term performance.

(ii) Benefits & Provident:

Benefits and provident are consistent with local market practices and legislative requirements and are not directly linked to performance. The Company contributes towards the Singapore Central Provident Fund or the Hong Kong Mandatory Provident Fund, as applicable. The benefits provided by the Company include a medical scheme,employee discounts and allowances.

The base salary and fixed allowances for each Key Management Personnel are reviewed annually by the RC and approved by the Board.

B. Performance-related Components

(i) Variable bonuses comprise:

Performance bonuses: bonuses aimed at rewarding achievements of annual targets set for each Key Management Personnel and are paid in cash. The quantum of these bonuses vary according to the achievement of performance targets set for each Key Management Personnel, his or her business unit, and the Group more generally.

Profit Sharing: an annual cash award conditional upon the Group achieving certain profit after tax targets and is calculated based on the Group's audited consolidated profit after tax for the relevant financial year, which is subject to review from time to time by the RC and requires the approval of the Board.

(ii) Long-term Incentives aimed at retaining key talent, cultivating loyalty, contributing to the growth of the Company include:

- Aztech ESOS, which recognises employees and Directors based on Company's performance and profitability. The Aztech ESOS is discussed in further detail on pages 37, 57 and 112;

- Aztech PSP, which provides employees and Directors who have contributed significantly to the growth and performance of the Group an opportunity to participate in the equity of the Company so as to motivate them, cultivate loyalty, encourage higher standards of performance, and recognise their contributions and service to the Company. No shares have been granted pursuant to the Aztech PSP. The Aztech PSP is discussed in further detail on pages 37 and 58; and

- LTRP, which provides certain employees with a one-time cash pay-out when they reach the minimum retirement age prescribed by law and is an integral component of the Company's compensation plan. The LTRP has been in place since the financial year ended 31 December 2019. Further details can be found on pages 56 and 110.

Remuneration of Independent Directors

The RC reviews the Independent Directors' fees annually and makes recommendations to the Board. The Independent Directors' fees are subject to the approval of the shareholders at the annual general meeting. No RC member is involved in deliberating on and making decisions in respect of any remuneration, compensation or any form of benefits to be granted to themselves.

The Board concurred with the RC that the proposed Directors' fees for the financial year ending 31 December 2023 ("**FY2023**") is appropriate to the levels of contributions by the Directors, their responsibilities, and their effort and time spent serving on the Board and Board Committees.

PRINCIPLE 8- DISCLOSURE ON REMUNERATION

The Company's disclosure on remuneration has been made in compliance with Provision 8.1 and the intent of Principle 8 of the Code.

Directors' Fees

The fees for each Director reflect their contributions, experience, qualifications, responsibilities and time commitments.

Structure of Directors' Fees - FY2022

	FY2022
Basic Retainer Fee as Board Member	$40,000.00 per annum
Fee for Appointment as Chairman of each committee	$20,000.00 per annum
Fee for Appointment as Lead Independent Director	$10,000.00 per annum

The aggregate Directors' fees paid to the Directors in FY2022 were $270,000.00.

The remuneration of the Independent Directors paid in FY2022 was as follows:

	Director's Fees	Variable Bonus and Profit Sharing	*Others-Fixed	Total
TS Tan	$70,000.00	–	–	$70,000.00
Larry Tan	$60,000.00	–	–	$60,000.00
Christopher Huang	$60,000.00	–	–	$60,000.00

The Independent Directors' fees to be paid for FY2022 are as follows:

	Director's Fees	Variable Bonus and Profit Sharing	*Others-Fixed	Total
Jeann Low**	$16,767.12	–	–	$16,767.12

* The Independent Directors do not receive any other fees aside from those stated above.

** This is subject to shareholders' approval at the Company's 2023 AGM (see Ordinary Resolution 3 of the Company's Notice of Annual General Meeting dated 12 April 2023: To approve Directors' fees of S$16,767.12 for FY2022 for Ms. Jeann Low who was appointed on 1 August 2022).

Structure of Directors' Fees- FY2023

The RC benchmarked the Directors' fees for FY2023 against the fees paid by comparable listed companies in Singapore and has, taking into consideration the time and effort spent by the Directors on matters of the Board and the various Board Committees, recommended the following fee structure. The fee structure has been recommended based on the current board size of six (6) directors, comprising (2) executive directors and four (4) non-executive independent directors. The Board will, upon the conclusion of the 2023 AGM, make a decision on the composition of each Board Committee effective 1 May 2023.

	Proposed Fee FY2023	Executive Director	Executive Director	Independent Director 1	Independent Director 2	Independent Director 3	Independent Director 4
Board of Member	$50,000.00	$50,000.00	$50,000.00	$50,000.00	$50,000.00	$50,000.00	$50,000.00
AC Chairman	$30,000.00	–	–	$30,000.00	–	–	–
AC Member	$10,000.00	–	–	–	$10,000.00	$10,000.00	$10,000.00
RC Chairman	$20,000.00	–	–	–	$20,000.00	–	–
RC Member	$5,000.00	–	–	$5,000.00	–	$5,000.00	$5,000.00
NC Chairman	$20,000.00	–	–	–	–	$20,000.00	–
NC Member	$5,000.00	–	–	$5,000.00	$5,000.00	–	$5,000.00
Lead Independent Director	$20,000.00	–	–	–	–	–	$20,000.00
TOTAL		$50,000.00	$50,000.00	$90,000.00	$85,000.00	$85,000.00	$90,000.00

The aggregate Directors' fees to be paid to the Directors in FY2023 are S$450,000.00.

The Independent Directors will not receive any other fees aside from those stated above.

Remuneration of CEO and Executive Directors

The remuneration of the CEO (who is also an Executive Director) paid in FY2022 is set out below:

	Salary and Director's Fees	Variable Bonus and Profit Sharing	Others-Fixed[1]	Total[2][3]
Michael Mun	$990,000.00	$2,281,495.65	$90,687.02	$3,362,182.67

The remuneration of Executive Directors (other than the CEO) paid in FY2022 is set out below:

Executive Directors	Salary and Director's Fees	Variable Bonus and Profit Sharing	Others-Fixed[1]	Total[2][3]
Jeremy Mun	$293,000.00	$277,500.00	$44,373.51	$614,873.51

Notes:

1. Contributions to the Central Provident Fund, allowances and car costs (if any) are included in the "Others – Fixed" column above.
2. There were no options granted under the Aztech ESOS to Michael Mun or Jeremy Mun.
3. There were no shares granted under the Aztech PSP to Michael Mun or Jeremy Mun.

Remuneration of Management

The Company's Management (who are not Directors or the CEO) in FY2022 were as follows:

1. Annie Qian Junmin - Financial Controller ("**FC**")
2. Daniel Oh Yong Boon - Senior Vice President
Sales/ Business Development
3. Jason Saw Chwee Meng - Senior Vice President
Sales/ Business Development
(retired on 31 August 2022)
4. Pavani Nagarajah - Senior Vice President
Legal and Corporate Affairs
5. Terence Kwong Man Hong - Vice President
Research and Development
6. Ivan Mun Weng Kai - Vice President
Sales and Marketing (seconded to KEEP Labs Inc on 1 February 2022)

Mr Ivan Mun Weng Kai was seconded to KEEP Labs Inc, a Canada-based company and a customer of the Group, as their Global Head of Operations and Manufacturing on 1 February 2022 for a period of three (3) years.

Given the confidential and commercially sensitive nature of remuneration matters in the industry, the Board is of the view that it would be in the best interests of the Company to disclose the remuneration of Management in bands of S$250,000 and provide a percentage breakdown of various components, rather than disclosing the exact remuneration of Management.

Remuneration of Key Management Personnel

The percentage breakdown of the remuneration of the KMP in FY2022 is set out below:

Management	Salary (%)	Variable Bonus and Profit Sharing (%)	*Others-Fixed (%)	Total (%)	Aztech ESOS (no. of options granted in FY2021)	Aztech PSP
Between $250,001 and $500,000						
Daniel Oh Yong Boon	48	44	8	100	200,000	Nil
Pavani Nagarajah	50	43	7	100	200,000	Nil
Up to $250,000						
Ivan Mun Weng Kai	–	–	100	100	Nil	Nil
Annie Qian Junmin	51	41	8	100	200,000	Nil
Jason Saw Chwee Meng	77	7	16	100	200,000 **	Nil
Terence Kwong Man Hong	65	34	1	100	200,000	Nil

* Contributions to the Central Provident Fund, Hong Kong Mandatory Provident Fund allowances and car costs (if any) are included in the "Others – Fixed (%)" column above.

** Such options lapsed on 16 August 2022, being the date on which he notified the Company of his retirement.

The total aggregate remuneration of the abovementioned Management for FY2022 is $1,484,590.75.

No termination, retirement and post-employment benefits were granted to Directors and Management in FY2022.

Remuneration of Employees who are Related Family Member of a Director or CEO or Substantial Shareholder

Ms Huang Xiaolin, who holds the position of Manager, Procurement and Logistics at Aztech Technologies Pte. Ltd., is the spouse of Mr Ivan Mun Weng Kai, the son of Mr Michael Mun and brother of Mr Jeremy Mun.

The breakdown of the remuneration of Ms. Huang Xiaolin in FY2022 in bands of S$100,000 with a percentage breakdown of various components is as follows:

Management	Salary (%)	Variable Bonus and Profit Sharing (%)	*Others-Fixed (%)	Total (%)	Aztech ESOS (no. of options granted in FY2021)	Aztech PSP
Between $50,000 and $100,000						
Huang Xiaolin	70	15	15	100	40,000	Nil

*Contributions to the Central Provident Fund and allowances are included in the "Others – Fixed (%)" column above.

Save as disclosed, there are no employees who are immediate family members of a Director or the CEO or a Substantial Shareholder of the Company and whose remuneration exceeded S$100,000 during FY2022.

The RC reviews the remuneration of employees who are related to the Group's Directors, CEO or Substantial Shareholders annually to ensure that their remuneration packages are in line with the Group's remuneration guidelines and are commensurate with their respective job scopes and responsibilities. The RC also reviews and approves any bonuses, pay increments and/or promotions for these related employees. Any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of the NC. Any member of the RC or NC who is related to the employee whose remuneration or terms of employment are under review shall abstain from the review.

Disclosure of Other Benefits

Aztech ESOS

On 13 December 2021, pursuant to the Aztech ESOS, selected employees were granted an aggregate of 2,110,000 options to subscribe for a specified number of Ordinary Shares in the Company at the price of S$0.934 per Share. The exercise price of the options was determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five (5) market days immediately preceding the date of the grant. No options were granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the selected employees completing another two (2) years of service to the Group, with fifty percent of the options being exercisable at the end of each year of service. Once vested, the options are exercisable for a period of ten (10) years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on payment of the exercise price. Since the adoption of the Aztech ESOS, no options have been granted to a Director or controlling shareholder of the Company and its associates.

As at 31 December 2022, the total options granted remained at 1,750,000. The directors and employees of the parent company and its related corporations are not eligible to participate in the Aztech ESOS. No options under the Aztech ESOS were granted in FY2022.

Aztech PSP

The Company has implemented the Aztech PSP, which was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. No shares have been granted pursuant to the Aztech PSP.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9- RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The Board has overall responsibility for the governance of risk. The Board, through the AC, regularly reviews the effectiveness of the Group's risk management framework for the identification, assessment, monitoring and reporting of significant risks.

At the Management level, the FC is responsible for directing and monitoring the development, implementation and practice of enterprise risk management ("**ERM**") across the Group and reports to the Board. The Group's ERM framework is set out below.

Risk Management Framework

1. Identifying, Assessing and Managing Risks

   The Business and corporate executive heads have the primary responsibility for regularly identifying and evaluating risks and material ESG factors and formulating risk mitigation strategies.

2. Evaluating Risk Management Strategies

   The Business and corporate executive heads regularly review the effectiveness of the risk mitigation strategies adopted.

3. Reviewing the Risk Management Framework and any breaches

   On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management framework. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, information technology and compliance risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

   All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every half-yearly. Any material non-compliance or lapses in internal controls are reported to the AC, including any remedial measures recommended for addressing the risks identified.

4. Risk Reporting

   The AC reviews and reports to the Board, at least annually, the risk profile of the Group, the effectiveness and adequacy of its internal control and risk management procedures in addressing financial, operational, information technology and compliance risks, and discusses any issues and concerns which may arise from the internal audits.

   The Group's risk management framework is continually reviewed to ensure that the Group's risk governance approach and practices remain relevant and effective and are in line with the applicable corporate governance requirements. In addition to implementing a risk management framework, the Group also seeks to inculcate amongst its employees a strong risk awareness and a proactive approach towards mitigating risks. Employees are informed, through training sessions and regular communication, of likely risks, the measures in place for addressing them and avenues for escalating matters where necessary.

   Having reviewed the risk management practices and activities of the Group, the Board, with the concurrence of the AC, is of the view that the Group's risk management system and internal controls are adequate in addressing financial, operational, information technology and compliance risks.

Assurance Regarding Financial Records and Risk Management Systems

The Board has received assurance from the Group CEO and FC that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances and assurance.

The Board has also received assurance from the Group CEO and Management that the Group's risk management and internal control systems are adequate and effective.

The Company has engaged CLA Global TS Risk Advisory Pte Ltd ("**CLA Global TS**") to undertake the internal audit of the Group. The Company also has an internal auditor who is responsible for the internal audit function at the plant operations level and is stationed at its plant in China, the location for most of the Company's manufacturing activities during the financial year under review.

Based on the reviews undertaken by the internal auditors and external auditors and Management's representations, the Board, with the AC in concurrence, is of the view that the Group's risk management systems and internal controls, including operational, financial, information technology and compliance controls, are adequate and effective in mitigating the financial, operational information technology and compliance risks which may adversely affect the Group's operations. However, the Board also notes that no risk management system and internal controls can provide absolute assurance against the Group being adversely affected by such risks or against human error, fraud or other irregularities.

PRINCIPLE 10- AUDIT COMMITTEE

AC Members

The members of the AC are Mr TS Tan (Chairman), Mr Larry Tan, Ms Jeann Low and Mr Christopher Huang. All members of the AC are Independent Directors.

The Board is of the view that the members and Chairman of the AC are suitably qualified given their relevant accounting and financial management expertise or experience and that their wealth of relevant experience enables them to discharge their responsibilities effectively. None of the AC members are former partners or directors of the Group's existing External Auditors or hold any financial interest in the External Auditors.

The AC is responsible for assisting the Board with maintaining high standards of corporate governance, compliance, risk management, internal controls and financial and accounting matters.

The key responsibilities of the AC include reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance, assisting the Board with discharging its responsibilities relating to internal controls, compliance, risk management and financial and accounting matters, facilitating co-ordination between the external and internal auditors and Management, evaluating the independence and objectivity of the internal and external auditors and making recommendations to the Board on their appointment or re-appointment as well as terms of engagement. The AC also reviews any actual or potential conflicts of interest as well as the procedures by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that appropriate arrangements are in place for such concerns raised to be properly and independently investigated.

To discharge its responsibilities and duties, the AC has full access to, and the co-operation of, Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions.

The AC met six (6) times during FY2022. The AC also met with the internal auditors and external auditors, each separately, and without the presence of Management, during FY2022.

Internal Audit

The AC is responsible for the appointment, termination and remuneration of the internal audit function.

The internal audit function, which reports directly to the AC, assists Management with assessing the adequacy of the Group's internal control systems and procedures, conducting regular internal audits on the Group's business operations, operational compliance and financial risks, and identifying and recommending improvements to internal control systems.

The internal audit function also reports to the AC on any material non-compliances or lapses in internal controls and the measures taken to address them. The AC subsequently reviews the actions taken by Management in response to the internal auditor's recommendations.

The Company's internal audit function is outsourced to CLA Global TS, an accounting and consulting firm staffed with suitably qualified professionals with extensive relevant experience. The AC is of the view that outsourcing the Company's internal audit function enhances the independence and quality of the audit.

The AC reviews the independence, adequacy and effectiveness of the internal audit function yearly. The AC is satisfied that the internal audit function is independent, effective, adequately resourced to perform its functions and has unfettered access to all company documents, records, properties and personnel, including the AC.

Whistle-blowing Policy

The Group has implemented a whistle-blowing policy which sets out the mechanism for reporting suspected wrongdoing or misconduct and how the Group addresses any reports received. The whistle-blowing policy is communicated to all staff.

All employees are responsible for reporting any suspected wrongdoing. Upon receipt of any such reports, the Head of Legal or the AC Chairman shall, in consultation with the other AC members, arrange a meeting with the employee as soon as possible to discuss the concerns, exercise discretion on how to proceed with the investigation, and thereafter recommend any remedial of legal action to be taken, where necessary.

All whistle-blowing matters are reviewed by the AC periodically to ensure compliance with the Listing Rules. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman.

The Company is committed to ensuring that all employees who have reported incidents in good faith are protected against any form of detrimental or unfair treatment. All information reported to the Company are treated as confidential to protect the identity of the whistle-blowers. The whistle-blowing policy makes provision for whistle-blowers to report matters anonymously.

There have been no reported whistle-blowing incidents for FY2022.

External Auditors

The AC has full access to External Auditors and Internal Auditors and meets them at least annually without the presence of Management.

The AC makes recommendations on the appointment and re-appointment of the External Auditors and reviews the independence and performance of the External Auditors annually. During FY2022, the AC reviewed the adequacy, effectiveness, scope and results of the audit by the Group's external auditors, BDO LLP. In assessing the independence of BDO LLP, the AC reviewed the aggregate fees paid to BDO LLP, including the fees paid for all non-audit services during the year. The AC is of the opinion that BDO LLP's independence and objectivity has not been compromised and the external auditors were able to meet the applicable audit requirements and statutory obligations of the Group. The AC is also satisfied with the aggregate audit fees paid to BDO LLP.

The AC has considered, and is satisfied, that the resources and experience of the Company's External Auditor, BDO LLP, the audit partner-in-charge and the team assigned to the audit of the Group, taking into account the firm's other audit engagements, the size and complexity of the Group, and the number of supervisory and professional staff assigned to the audit, are adequate for BDO LLP to meet their audit obligations.

The AC has recommended the re-appointment of BDO LLP at the 2023 AGM.

The Group has complied with rules 712 and 715 of the Listing Manual which, respectively, require that a suitable auditing firm be appointed by the Company, taking into consideration the factors set out the said rule, and that the same firm auditing the Group also audit the Group's Singapore-incorporated subsidiaries and significant associated companies and a suitable auditing firm be engaged for the Group's significant foreign incorporated subsidiaries and associated companies.

The aggregate amount of fees paid to the External Auditors for FY2022 and a breakdown of the fees paid in total for audit and non-audit services respectively are stated below:

External Auditor Fees for FY2022	**S$'000**
Statutory Audit	
- Auditors of the Company	140
- Other Auditors - other network firms	118
Non-Audit Fees	
- Auditors of the Company	18
- Other Auditors - other network firms	17
Total Fees Paid	**293**

There are no audit-related services fees paid/payable to the auditor of the Company and other auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11- SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
PRINCIPLE 12- ENGAGEMENT WITH SHAREHOLDERS

Communication with Shareholders

The Group is committed to strengthening its relationship with the investing community and ensures it makes timely and accurate disclosure of material information to the SGX, its shareholders, analysts and the public. The Company announces its financial results and updates on the Company and its business operations on both its corporate website at www.aztechglobal.com and SGXNet.

The Company does not practice selective disclosure. In the event of any inadvertent disclosure to a select group, the Company shall make the same disclosure publicly as soon as practicable. All price-sensitive information is released publicly prior to the Company's meetings with investors or analysts.

Shareholder Meetings

The Company encourages active shareholders' participation at general meetings. Shareholders are informed of meetings and the voting procedures through notices published on SGXNet. Shareholders are provided opportunities to participate effectively and vote for resolutions to be passed at these meetings and are informed of the rules and voting procedures which govern these meetings.

There are separate resolutions for each substantially separate issue at the Company's general meeting. In the event any resolutions are bundled as they are interdependent and linked so as to form one significant proposal, the Company will provide the reasons and explain the material implications in its notice of the general meeting.

Corporate Governance Report

The Directors and Management attend the Company's general meetings to address shareholders' queries about the Company. The Company's external auditors are also in attendance to address shareholders' queries regarding the conduct of the audit, the auditor's reports and any other related queries. The minutes of the general meetings disclose the names of the Directors and external auditors who attended these meetings, the details of these meetings, the questions raised by shareholders and the responses provided by the Board/ Management. The minutes are published on the Company's website and SGXNet.

Due to the COVID-19 pandemic, the Company's 2022 Annual General Meeting ("**2022 AGM**") was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Temporary Measures**"). The Company's shareholders participated in the 2022 AGM by attending the live audio-visual webcast, submitting questions prior to the meeting, and/or appointing the Chairman of the 2022 AGM as a proxy to attend and vote on their behalf at the meeting. The Company responded to all substantial and relevant questions from shareholders received prior to the 2022 AGM and published its responses on its website and SGXNet. The Company also published the Minutes of the 2022 AGM on its website and SGXNet.

The forthcoming AGM will be held, in a wholly physical format, at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593, on 28 April 2023 ("**2023 AGM**"). There will not be an option for shareholders to participate virtually. The Company will upload the answers to substantial and relevant queries received prior to 10.00 a.m. on 19 April 2023 on the Company's website at https://www.aztechglobal.com/agm and SGXNet by 10.00 a.m. on 22 April 2023. Questions received after the deadline will be addressed at the 2023 AGM.

The Company's Constitution allows for each shareholder to appoint up to two (2) proxies to attend and vote on his or her behalf at the Company's general meetings. Shareholders who are relevant intermediaries are allowed to appoint more than two (2) proxies to attend and vote at the Company's general meetings.

Subject to the Company's Constitution and relevant statutes, the Directors may at their sole discretion approve and implement measures allowing shareholders to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Dividend Policy

The Company does not have a fixed dividend policy at present. The Directors may, at their discretion and upon consideration of factors including but not limited to the level of the Company's cash and reserves, the Group's actual and projected financial performance, the projected levels of capital expenditure, working capital requirements and investment plans, financial, regulatory or general economic conditions declaration and payment of future dividends, recommend the declaration and payment of dividends.

The Board has recommended a final dividend of S$0.015 per ordinary share for FY2022. The Company announced its adoption of the Aztech Scrip Dividend Scheme on 30 March 2021. If applied, this scheme will provide eligible shareholders with the opportunity to elect to receive the dividend in the form of new ordinary shares in the Company credited as fully paid, instead of cash. For the avoidance of doubt, the Scrip Dividend Scheme is not applicable to the final one-tier tax exempt dividend of S$0.015 per ordinary share for the financial year ended 31 December 2022, as proposed in Ordinary Resolution 2.

The Directors intend to recommend dividends of at least 30.0% of the Group's net profit after tax generated in FY2023, as the Group wishes to reward its Shareholders for participating in its growth.

Investor Relations

The Company's dedicated Investor Relations ("**IR**") team, headed by the Company Secretary and supported by a Corporate Communications Manager, engages in regular dialogue with analysts and investors. The IR team is guided by the Company's investor relations policy, which sets out the principles and practices the Company has adopted to enhance its engagement with shareholders and prospective investors.

The Company's corporate website features a dedicated "Investor Relations" link https://www.aztechglobal.com/investor-relations/index.html, which contains the Company's latest and past financial results, annual reports, updates on the Company and its business operations, as well as the contact details of the Company's Corporate Communications Manager and the Lead Independent Director.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13- ENGAGEMENT WITH STAKEHOLDERS

The Group strives to build strong relationships with its material stakeholders, such as shareholders, customers and investors, and has arrangements in place to identify, engage with, and manage its relationship with its material stakeholder groups.

The Group maintains a corporate website, https://www.aztechglobal.com, through which stakeholders may access information about the Group, its business activities and any updates by the Group.

The Group also engages with its material stakeholder groups to gather feedback on sustainability issues, which are in turn considered by the Group in its identification of material economic, environmental, social and governance ("**EESG**") factors and development of its sustainability strategy. The Group's management approach, policies, practices and performance relating to the EESG factors that are material to its business and stakeholders have been addressed in its Sustainability Report. The key EESG metrics and sustainability overview can be found on pages 4 to 7, 19 and 20 of this Annual Report. The full copy of the Sustainability Report is available on the Group's corporate website https://www.aztechglobal.com/sustainability/index.html and on SGXNet.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all interested person transactions are reported to the AC in a timely manner and that these transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The AC reviews all interested person transactions to ensure compliance with Chapter 9 of the Listing Manual.

There is currently no shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

The interested person transactions during FY2022 are as follows:

Name of interested person	Nature of relationship	Nature of the transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
			$' 000
Azventure Investments Pte. Ltd. ("**AZI**"), formerly known as Azventure Investments Ltd.	AZI is the parent company of the Group. Mr Michael Mun is the beneficial owner of AZI	Acquisition of subsidiary, Huuve Sdn Bhd ("**Huuve**"), inclusive of repayment of loan due to AZI	3,171
AZ Marine Offshore Services Pte. Ltd. ("**AMOS**")	A wholly- owned subsidiary of AZI	Lease of warehouse by the Group from AMOS	299.6
Huuve	Company in which AZI has a 100% beneficial interest (until 18 September 2022)	Lease of Manufacturing facilities by the Group from Huuve	101.3
Total			3,571.9

It is to be noted that the total value of interested person transactions for FY2022 for Mr Michael Mun did not exceed 3% of the Group's latest audited net tangible assets.

MATERIAL CONTRACTS

Save as disclosed on SGXNet or herein, there were no material contracts entered into by the Group involving the interests of Directors, CEO or shareholders either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

DEALINGS IN SECURITIES

The Company has adopted a Best Practice Code ("BPC") relating to dealings in securities by its Directors and relevant employees. The BPC is based on the best practices outlined in Rule 1207(19) of the Listing Manual. All Directors and relevant employees have been provided a copy of the BPC and are required to acknowledge receipt of the BPC. The Company Secretary conducts briefing sessions to explain the key points of the BPC to the relevant employees who are new to the Group.

The BPC provides that the Directors and relevant employees are only allowed to deal in the Company's securities in the "window period", which is closed at least two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and at least one (1) month for the half year or financial year results and ending on the date of announcement of the relevant results.

The BPC also prohibits the Company's Directors and relevant employees from dealing in the Company's securities on short term considerations when they are in possession of unpublished price sensitive information. The Company's Directors and relevant employees are required to abide by the insider trading provisions under the Securities and Futures Act 2001 of Singapore and any other relevant laws in the course of their securities transactions.

The Directors and relevant employees are required to provide written confirmation of their compliance with the BPC annually.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics, with the key objectives of providing clear guidelines on ethics and relationships, in order to safeguard the reputation and interests of the Group and stakeholders of the Company. The Code of Business Conduct and Ethics sets out the policies and procedures dealing with various issues such as conflicts of interests, dealings with government officials, the maintenance of records and reports, equal employment opportunities and sexual harassment.

USE OF IPO PROCEEDS

As at 31 December 2022, the status of the use of IPO Proceeds is as follows:

Intended use as stated in the Company's prospectus dated 4 March 2021 (the "Prospectus")	Amount allocated (as disclosed in the Prospectus) ($'000)	Amount utilised ($'000)	Balance ($'000)
Expansion and enhancement of the Group's manufacturing Facilities[1]	50,000	2,132	47,868
Expansion of the Group's business through, *inter alia*, investments, mergers and acquisitions, joint ventures and/or strategic collaboration	50,000	5,857	44,143
Enhancement of the Group's R&D capabilities	15,000	–	15,000
Increase sales and marketing channels for overseas markets expansion	10,000	251	9,749
Expansion of the Group's ODM/JDM business to capitalise on opportunities in the growing IoT market	5,000	–	5,000
Working capital[2]	58,600	50,161	8,439
Listing expenses[3]	9,800	9,800	–
	198,400	68,201	130,199

[1] New equipment purchased to enhance manufacturing productivity.

[2] Usage of working capital purposes comprises the payment of salary related costs.

[3] Being payment for underwriting commission and offering expenses.

Additional Information on Directors Seeking Re-Election

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
Date of Appointment	19 February 2021	19 February 2021	1 August 2022
Age	68	65	62
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for the re-nomination of directors to the Board, is set out in pages 28 and 29 of this annual report	The process for the re-nomination of directors to the Board, is set out in pages 28 and 29 of this annual report	The process for the re-nomination of directors to the Board, is set out in pages 28 and 29 of this annual report
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director AC Chairman Member of AC, RC and NC	Independent Director RC Chairman Member of AC, RC and NC	Independent Director Member of AC
Professional qualifications	Bachelor of Electrical Engineering, National University of Singapore Master of Science in Industrial Engineering, National University of Singapore	Bachelor of Science in Mechanical Engineering (Honours Class 1), University of Birmingham Master of Business Administration, Brunel University	Bachelor of Accountancy (Honours), National University of Singapore Chartered Accountant, fellow member of the Institute of Singapore Chartered Accountants (ISCA)
Working experience and occupation(s) during the past 10 years	Mr Tan Teik Seng has over 30 years of experience in the electronics industry. His previous appointments include Senior Managing Director of Advanced Micro Devices (Singapore) Pte Ltd, where he managed the business's Singapore and regional operations. Mr Tan is also Executive Director of Teleios SC Pte Ltd, a boutique executive search firm.	Mr Tan Jwee Meng was the Asia President of Texas Instruments Singapore Private Limited from July 2007 to his retirement in July 2018. Mr Tan started his career in 1979 as a process engineer at the memory product division of Texas Instruments Singapore Private Limited before taking on a few other portfolios as engineering manager, manufacturing manager as well as site quality and reliability manager. He subsequently assumed the role of Vice President of marketing in the Asia Pacific sales and marketing division in 1991 prior to being the Vice President of sales from 1993.	Ms Jeann Low Ngiap Jong was the Group Chief Corporate Officer of Singapore Telecommunications Limited ("Singtel") from 10 April 2015 until her retirement in April 2021. As the Group Chief Corporate Officer, Ms Low was responsible for Singtel's corporate functions including mergers and acquisitions, corporate communications, legal, regulatory, risk management and procurement. She was previously Singtel's Group Chief Financial Officer for seven (7) years. Ms Low joined Singtel in October 1998 as its Group Financial Controller and held several management roles including Executive Vice President of Strategic Investments and CFO of Optus.
Shareholding interest in the listed issuer and its subsidiaries	No	No	Deemed interest in 150,000 shares of the Company

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years)	• O2Micro International Ltd, Non-Executive Director • The Helping Hand, Vice-Chairman of the Board of Directors • Temasek Polytechnic, School of Engineering, Member of Advisory Committee	Nil	• Amobee Inc., Non-Executive Director • Amobee Asia Pte. Ltd., Non-Executive Director • Amobee Ltd, Non-Executive Director • Singtel FinGroup Investments Pte. Ltd., Director • SFG Digibank Investment Pte. Ltd., Director • Singtel Optus Pty Limited, Director • OPEL Networks Pty Limited (deregistered on 20 May 2018), Director • Singtel Digital Life Pte. Ltd., Director • GDL Lifestream Pte. Ltd., Director • Singtel Strategy Pte. Ltd. (formerly known as Amobee Group Pte. Ltd.), Non-Executive Director
Other Principal Commitments including Directorships – Present	Please refer to Appendix A.	• Please refer to Appendix A.	Please refer to Appendix A.

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

	TAN TEIK SENG	TAN JWEE MENG	JEANN LOW NGIAP JONG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Appendix A

Current Directorships in Listed Companies and Principal Commitments

Director	Directorships in Listed Companies	Principal Commitments
Michael Mun	Nil	Director of: ● AZ E-Lite (HK) Limited ● AZ E-Lite Pte. Ltd. ● Aztech Communication Device (DG) Ltd ● Aztech Innovation Pte. Ltd. ● Aztech Systems (Hong Kong) Limited ● Aztech Technologies Pte. Ltd. ● IOT Manufacturing Sdn. Bhd. ● Huuve Sdn. Bhd. ● AVS Investments Pte. Ltd. ● Azventure Investments Pte. Ltd. ● Hitemco Pte. Ltd. ● AZ United Pte. Ltd. ● AVS Printing Pte. Ltd. ● AVS Technologies Pte. Ltd. ● AVS Solutions Sdn Bhd ● Mun Siew Capital Pte. Ltd. ● Oakmun Asset Management Pte. Ltd. ● Clova Investments Ltd
Jeremy Mun	Nil	Director of: ● AZ E-Lite (HK) Limited ● AZ E-Lite Pte. Ltd. ● Aztech Communication Device (DG) Ltd ● Aztech Systems (Hong Kong) Limited ● Aztech Technologies Pte. Ltd. ● IOT Manufacturing Sdn. Bhd. ● AVS Investments Pte. Ltd. ● AVS Printing Pte. Ltd. ● AVS Technologies Pte. Ltd. ● AVS Solutions Sdn Bhd ● Mun Siew Capital Pte. Ltd. ● Oakmun Asset Management Pte. Ltd.
TS Tan	Nil	● Teleios SC Pte. Ltd., Executive Director

Director	Directorships in Listed Companies	Principal Commitments
Larry Tan	Nil	● WT Microelectronics Limited, Taiwan, Advisor to CEO
Jeann Low	● Advanced Info Service Public Company Limited, Non-Executive Director ● Intouch Holdings Public Company Limited, Non-Executive Director ● CapitaLand Integrated Commercial Trust Management Limited (manager of CICT, listed REIT), Non-Executive Director	● Singapore Telecommunications Limited, Senior Advisor ● Advanced Wireless Network Co., Ltd., Non-Executive Director ● Singtel Asian Investments Pte Ltd, Non-Executive Director ● Singtel Strategic Investments Pte Ltd, Non-Executive Director ● Lee Kong Chian School of Medicine, Member, Governing Board ● Trustwave Holdings, Inc., Non-Executive Director ● Prison Fellowship Singapore Limited, Non-Executive Director ● Seventy Times Seven, Board Member ● The Turning Point, Member, Executive Committee
Christopher Huang	● Fu Yu Corporation Limited, Non-Executive Director	● CHP Law LLC, Director ● DEVL Pte. Ltd., Director

Directors' Statement

The Directors of Aztech Global Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022, the statement of financial position of the Company as at 31 December 2022 and statement of changes in equity of the Company for the financial year ended 31 December 2022.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Michael Mun Hong Yew
Jeremy Mun Weng Hung
Tan Teik Seng
Larry Tan Jwee Meng
Jeann Low Ngiap Jong (Appointed on 1 August 2022)
Christopher Huang Junli

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, either at beginning or end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of financial year or date of appointment, if later	At end of financial year	At beginning of financial year or date of appointment, if later	At end of financial year
Interest in the immediate holding company				
Azventure Investments Pte. Ltd. ("AZI") (formerly known as Azventure Investments Ltd.)				
(Number of ordinary shares)				
Michael Mun Hong Yew	–	–	79,806,884	79,806,884
Jeremy Mun Weng Hung	600,000	–	–	–
Interest in the Company				
Aztech Global Ltd.				
(Number of ordinary shares)				
Jeremy Mun Weng Hung	–	–	200,000	200,000
Jeann Low Ngiap Jong	–	–	150,000	150,000

Jeremy Mun Weng Hung and Jeann Low Ngiap Jong are deemed to be interested in 200,000 and 150,000 ordinary shares respectively, held by their nominee, DBS Nominees Pte Ltd. Pursuant to the selective capital reduction exercised by AZI, completed on 24 August 2022, Michael Mun Hong Yew is deemed to have interest in 100% of the issued and paid-up capital of AZI and all 542,197,600 ordinary shares of the Company held by AZI. All the shares of AZI are held by AVS Investments Pte. Ltd., a company in which Michael Mun Hong Yew is a director and the sole shareholder.

By virtue of Section 7 of the Act, Michael Mun Hong Yew is deemed to have an interest in all the related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interest as at 21 January 2023 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2022.

5. Long-Term Retirement Incentive Plan

During the financial year ended 31 December 2019, the Group implemented a Long-Term Retirement Incentive Plan ("LTRP") for its key management staff (including the CEO and Executive Director) of the Group. Under the LTRP, the key management staff will be eligible to receive a cash payout when they reach the minimum retirement age of 62 ("Minimum Retirement Age") or elect to receive it later when they retire, if their contract is extended after the Minimum Retirement Age.

The LTRP will be part of the remuneration package for current and future key management staff, and the eligibility to participate in the plan shall be determined by the Board of Directors.

5. Long-Term Retirement Incentive Plan (Continued)

From 1 January 2020 onwards, for all eligible key management staff, the LTRP amount will be computed based on 2% of their annual salary in the relevant financial year (prorated, where applicable), provided that the profit after tax of the Group is at least $5 million for the relevant financial year.

If a key management staff's employment ceases for any reason before he or she reaches the Minimum Retirement Age, then the full amount provided for the respective staff's LTRP payout will be forfeited.

A provision of $911,573 (2021: $930,276) was made for LTRP as at 31 December 2022.

6. Share options

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the Aztech Employee Share Option Scheme ("Share Option Scheme"). The Share Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. The Share Option Scheme provides a means to recruit, motivate and retain employees whose contributions are essential to the long-term growth of the Group.

Under the Share Option Scheme, options to subscribe for the ordinary shares of the Company are granted to key management personnel and selected employees based on the recommendation by the Remuneration Committee. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five (5) market days immediately preceding the date of the grant. No options are granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the key management personnel or selected employees completing another two (2) years of service to the Group with fifty (50) percent of the options are exercisable at the end of each year of service. Once the options are vested, they are exercisable for a period of ten years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on the payment of the exercise price.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Share Option Scheme, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the day preceding that date.

On 13 December 2021, the Company granted options to subscribe for 2,110,000 ordinary shares of the Company at exercise price of $0.934 per share ("2021 Options"). The 2021 Options are exercisable from 13 December 2022 and expire on 12 December 2031. The total fair value of the 2021 Options granted was estimated to be $670,000 using the Black Scholes Model.

No options have been granted to controlling shareholders of the Company or their subsidiaries.

6. **Share options** (Continued)

Employee Share Option Scheme (Continued)

Participants under the Share Options Scheme who has received 5% or more of the total number of shares under option available under the Share Options Scheme:

	Number of unissued ordinary shares of the Company under option				
Name	**Options granted during 2022**	**Aggregate options granted since commencement of the Share Option Scheme**	**Aggregate Options exercised since commencement of the Share Option Scheme**	**Aggregate Options forfeited since commencement of the Share Option Scheme**	**Aggregate options outstanding at 31 December 2022**
Daniel Oh Yong Boon	–	200,000	–	–	200,000
Pavani Nagarajah	–	200,000	–	–	200,000
Annie Qian Junmin	–	200,000	–	–	200,000
Christine Lee Pin Rou	–	200,000	–	–	200,000
Jason Saw Chwee Meng	–	200,000	–	(200,000)	–
Terence Kwong Man Hong	–	200,000	–	–	200,000
He Zhao Yang	–	200,000	–	–	200,000
Sunny Wang	–	200,000	–	–	200,000
	–	1,600,000	–	(200,000)	1,400,000

The number of unissued ordinary shares of the Company under option in relation to the Share Option Scheme outstanding at the end of the financial year was as follows:

	Balance as at beginning of the financial year	**Forfeited during the financial year**	**Balance as at end of the financial year**	**Exercise price**	**Exercise period**
2021 Options	2,110,000	(360,000)	1,750,000	0.934	13.12.2022 – 12.12.2031

Performance Share Plan

The Company has implemented a Performance Share Plan known as the Aztech Performance Share Plan ("Performance Share Plan"). The Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. No shares have been granted pursuant to the Performance Share Plan as at the date of this report.

7. Audit committee

The Audit Committee of the Company is chaired by Mr. Tan Teik Seng, an Independent Non-executive Director, and includes Mr. Larry Tan Jwee Meng, an Independent Non-executive Director, Mr. Christopher Huang Junli, an Independent Non-executive Director and Ms. Jeann Low Ngiap Jong, an Independent Non-executive Director. The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditors of the Company:

(a) assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;

(b) review and report to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;

(c) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal controls, audit reports, their management letters and the management's response, and the results of audits compiled by internal and external auditors, and will review at regular intervals with the management the implementation by the Group of the internal control recommendations made by internal and external auditors;

(d) review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Listing Manual and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to the Directors for approval;

(e) review the assurance from the Executive Chairman and CEO and Financial Controller on the financial records and financial statements of the Group;

(f) review the internal and external auditors' audit plan and audit reports (including assessing and reporting to the Board the quality of the work carried out and the basis of such assessment, and evaluating the performance of the internal and external auditors), and the internal and external auditors' evaluation of the system of internal accounting controls, with the internal and external auditors, as well as the assistance given by management to the internal and external auditors;

(g) ensure co-ordination between the external and internal auditors and the management and reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(h) review and report to the Board, at least annually, the risk profile of the Group, the effectiveness and adequacy of the internal control and risk management procedures addressing financial, operational, information technology and compliance risks (including the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board), and discuss issues and concerns, if any, arising from the internal audits;

(i) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's results of operation, financial performance or financial position and the management's response;

(j) review the adequacy and effectiveness of the Group's risk management and internal audit function and ensuring that a clear reporting structure is in place between the Audit Committee and the internal auditors;

(k) ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualification and experience, and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;

7. Audit committee (Continued)

(l) ensure that the internal audit function has unfettered access to all of the Group's documents, records, properties and personnel, including the Audit Committee, and has appropriate standing within the Group;

(m) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(n) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;

(o) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual and review procedures thereof;

(p) review any actual or potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests, as well as monitor compliance with such framework;

(q) review regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;

(r) on an annual basis or any other period that the Audit Committee deems fit, ensure that trade receivables are stated at fair value and accurately recorded in the financial statements, and that credit policies are adhered to;

(s) monitor the cash flows of the Group;

(t) periodically review the Group's intellectual property protection policies to ensure that the policies and/or procedures are complied with, and adequate and effective for the Group's operations;

(u) review the processes and procedures for the Group's resolution of the regulatory issues pertaining to the Dongguan Land and the buildings constructed on it, including the obtaining of the Title Registration in respect of the buildings constructed on the Dongguan Land and the Certificate of Land Use Right in respect of the Dongguan Land;

(v) review transactions falling within the scope of Chapter 10 of the Listing Manual, if any;

(w) undertake such other reviews and projects as may be requested by the Directors, and report to the Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(x) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

8. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Michael Mun Hong Yew	**Jeremy Mun Weng Hung**
Director	Director

Singapore
29 March 2023

Independent Auditors' Report

To the Members of Aztech Global Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aztech Global Ltd. (the "Company") and its subsidiaries (the "Group"), set out on pages 67 to 130 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Revenue recognition	
The Group derives revenue from manufacture and sale of IoT devices, Datacom products and LED lighting products. The Group's revenue was recognised at a point in time when the Group's customers obtained control of the goods and it is probable that the agreed consideration will be received. We have determined revenue recognition to be a key audit matter due to the volume of revenue transactions and we placed significant attention and effort on this area as part of our audit approach. Revenue recognised for the financial year is also a significant measure of the Group's financial performance.	Our procedures included, amongst others, the following: ■ Examined the Group's revenue recognition policy in accordance with SFRS(I) 15 Revenue from Contract with Customers and checked that consistent revenue recognition policy is applied; ■ Assessed the Group's key internal controls relevant to the revenue and receipt cycle and tested the key controls identified; ■ Performed revenue cut off procedures for a sample of revenue transactions, before and after the financial year, by examining relevant supporting documents such as acknowledged delivery orders/shipping documents and invoices to evaluate whether revenue recognised in the appropriate financial year; ■ Performed analytical review to identify unusual trends and movements; ■ Performed substantive test by vouching to contract/ agreements, sales invoice and customer acknowledged document for the sampled transactions; and ■ Assessed the adequacy of the related disclosures made in the financial statements.
Refer to Notes 2.12 and 26 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment assessment of investments in subsidiaries	
As of 31 December 2022, the carrying amount of the Company's investments in subsidiaries amounted to approximately $78,866,000. The subsidiaries are primarily engaged in manufacturing and selling IoT devices, Datacom products, and LED lighting products. During the financial year ended 31 December 2022, arising from indicators of impairment in investments in Aztech Technologies Pte. Ltd., Aztech Systems (Hong Kong) Limited and AZ E-Lite (HK) Limited., the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements. Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows derived from these subsidiaries and no impairment loss was recognised during the financial year. We focused on the impairment assessment of investments in subsidiaries as a key audit matter owing to the significant management estimates involved in the key assumptions used in estimating the expected discounted future cash flows, such as the revenue growth rates, gross profit margins and discount rates. Refer to Notes 2.8, 3 and 11 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ■ Examined management's impairment indication assessment of the subsidiaries; ■ Discussed with management and evaluated the reasonableness of management's key assumptions and estimates in the discounted cash flows by comparing revenue growth rates, gross profit margins and discount rates against historical data, recent trends and market outlook; ■ Performed sensitivity analysis around the key assumptions used in the discounted cash flow forecasts; ■ Engaged our internal valuation specialist to evaluate the reasonableness of the discount rates used by the management in the value-in-use assessment for investments in subsidiaries with indication of impairment; and ■ Assessed the adequacy of the related disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the Members of Aztech Global Ltd.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Current assets					
Cash and cash equivalents	5	195,963	201,512	125,296	192,213
Trade receivables	6	197,566	222,533	–	–
Other receivables	7	5,815	3,443	11,187	19,532
Other investments	8	30,262	–	30,262	–
Tax recoverable		–	215	–	–
Derivative financial instruments	9	–	381	–	381
Prepayments		812	1,114	101	79
Inventories	10	85,211	62,432	–	–
Total current assets		515,629	491,630	166,846	212,205
Non-current assets					
Other receivables	7	–	–	–	474
Investments in subsidiaries	11	–	–	78,866	76,551
Property, plant and equipment	12	25,764	26,571	–	–
Intangible assets	13	–	–	–	–
Total non-current assets		25,764	26,571	78,866	77,025
Total assets		541,393	518,201	245,712	289,230

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	14	1,347	11,894	–	–
Lease liabilities	15	1,563	1,859	488	465
Trade payables	16	185,711	138,476	–	–
Other payables	17	47,458	56,534	14,148	31,592
Provision for retirement benefit	18	649	630	649	630
Derivative financial instruments	9	988	–	988	–
Income tax payable		13,561	10,966	276	305
Total current liabilities		251,277	220,359	16,549	32,992
Non-current liabilities					
Borrowings	14	3,936	2,841	–	–
Lease liabilities	15	1,606	1,439	–	474
Provision for retirement benefit	18	263	300	263	300
Deferred tax liabilities	19	308	294	–	–
Total non-current liabilities		6,113	4,874	263	774
Capital and reserves					
Share capital	20	206,166	206,166	206,166	206,166
Treasury shares	21	(1,843)	(1,843)	(1,843)	(1,843)
Capital reserve	22	(4,670)	(4,670)	11,651	11,651
Foreign currency translation (account)/reserve	23	(13,876)	808	–	–
Share options reserve	24	288	–	288	–
Statutory reserve	25	1,254	1,254	–	–
Retained profits		96,684	91,253	12,638	39,490
Total equity		284,003	292,968	228,900	255,464
Total liabilities and equity		541,393	518,201	245,712	289,230

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	26	820,244	624,364
Other income	27	1,366	1,645
Changes in inventories of finished goods and work in progress, and raw materials used		(615,589)	(468,896)
Employee benefits expense	28	(50,715)	(52,703)
Amortisation and depreciation expenses	32	(8,610)	(10,207)
Other operating expenses		(12,366)	(13,579)
Loss allowance for trade receivables	6	(662)	(489)
Interest income		2,004	627
Other gains and losses	29	(54,011)	4,877
Finance costs	30	(931)	(677)
Profit before income tax		80,730	84,962
Income tax expense	31	(13,543)	(10,582)
Profit for the financial year	32	67,187	74,380
Other comprehensive income:			
Items that may be reclassified subsequently into profit or loss			
Exchange differences on translation of foreign operations, representing other comprehensive income for the financial year, net of tax		(14,684)	3,584
Total comprehensive income for the financial year		52,503	77,964
Profit attributable to owners of the Company		67,187	74,380
Total comprehensive income attributable to owners of the Company		52,503	77,964
Earnings per share			
Basic and diluted (cents)	33	8.70	10.00

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2022

	Note	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Foreign currency translation reserve/ (account) $'000	Share options reserve $'000	Statutory reserve $'000	Retained profits $'000	Total equity $'000
Group									
Balance as at 1 January 2022		206,166	(1,843)	(4,670)	808	–	1,254	91,253	292,968
Total comprehensive income for the financial year									
- Profit for the financial year		–	–	–	–	–	–	67,187	67,187
- Other comprehensive income for the financial year		–	–	–	(14,684)	–	–	–	(14,684)
Total		–	–	–	(14,684)	–	–	67,187	52,503
Transactions with owners, recognised directly in equity									
- Share option expense	24	–	–	–	–	288	–	–	288
- Dividends	34	–	–	–	–	–	–	(61,756)	(61,756)
Total		–	–	–	–	288	–	(61,756)	(61,468)
Balance as at 31 December 2022		206,166	(1,843)	(4,670)	(13,876)	288	1,254	96,684	284,003
Balance as at 1 January 2021		15,468	–	(4,670)	(2,776)	–	1,254	32,347	41,623
Total comprehensive income for the financial year									
- Profit for the financial year		–	–	–	–	–	–	74,380	74,380
- Other comprehensive income for the financial year		–	–	–	3,584	–	–	–	3,584
Total		–	–	–	3,584	–	–	74,380	77,964
Transactions with owners, recognised directly in equity									
- Issuance of ordinary shares from initial public offering exercise	20	198,400	–	–	–	–	–	–	198,400
- Share issue expenses	20	(7,843)	–	–	–	–	–	–	(7,843)
- Issuance of ordinary shares from scrip dividends	20	141	–	–	–	–	–	–	141
- Share buyback	21	–	(1,843)	–	–	–	–	–	(1,843)
- Dividends	34	–	–	–	–	–	–	(15,474)	(15,474)
Total		190,698	(1,843)	–	–	–	–	(15,474)	173,381
Balance as at 31 December 2021		206,166	(1,843)	(4,670)	808	–	1,254	91,253	292,968

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2022

	Note	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Share options reserve $'000	Retained profits $'000	Total equity $'000
Company							
Balance as at 1 January 2022		206,166	(1,843)	11,651	–	39,490	255,464
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	34,904	34,904
Transactions with owners, recognised directly in equity							
- Share option expense	24	–	–	–	288	–	288
- Dividends	34	–	–	–	–	(61,756)	(61,756)
Total		–	–	–	288	(61,756)	(61,468)
Balance as at 31 December 2022		206,166	(1,843)	11,651	288	12,638	228,900
Balance as at 1 January 2021		15,468	–	11,651	–	11,550	38,669
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	43,414	43,414
Transactions with owners, recognised directly in equity							
- Issuance of ordinary shares from initial public offering exercise	20	198,400	–	–	–	–	198,400
- Share issue expenses	20	(7,843)	–	–	–	–	(7,843)
- Issuance of ordinary shares from scrip dividends	20	141	–	–	–	–	141
- Share buyback	21	–	(1,843)	–	–	–	(1,843)
- Dividends	34	–	–	–	–	(15,474)	(15,474)
Total		190,698	(1,843)	–	–	(15,474)	173,381
Balance as at 31 December 2021		206,166	(1,843)	11,651	–	39,490	255,464

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Group	
	2022	2021
	$'000	$'000
Operating activities		
Profit before income tax	80,730	84,962
Adjustments for:		
Amortisation of intangible assets	–	1,065
Depreciation of property, plant and equipment	8,610	9,142
Fair value loss/(gain) on derivative financial instruments	56,553	(1,235)
Fair value gain on other investments, net	(29)	–
Share option expense	288	–
(Gain)/Loss on disposal of plant and equipment	(72)	2
Gain on cessation of a subsidiary	(1,321)	–
Interest expense	931	677
Interest income	(2,004)	(627)
Lease modification	(32)	–
Loss allowance for trade receivables	662	489
Net unrealised foreign exchange loss/(gain)	707	(1,843)
Plant and equipment written off	524	219
Provision for retirement benefit	(18)	41
Write-down for inventories obsolescence	2,204	93
Operating cash flows before movements in working capital	147,733	92,985
Trade receivables	14,847	(20,748)
Other receivables	1,514	3,386
Derivative financial instruments	(55,184)	950
Prepayments	356	111
Inventories	(19,513)	(8,821)
Trade payables	39,600	(2,900)
Other payables	(11,263)	(6,398)
Cash from operations	118,090	58,565
Income tax paid	(10,734)	(15,991)
Interest paid	(931)	(677)
Net cash from operating activities	106,425	41,897

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Group	
	2022	2021
	$'000	$'000
Investing activities		
Interest received	2,004	627
Proceeds on disposal of plant and equipment	238	64
Purchases of property, plant and equipment	(2,420)	(4,789)
Deposits paid for acquisition of a factory building	(2,115)	–
Acquisition of freehold land and building, net of cash acquired (Note 12)	(1,927)	–
Acquisition of other investments, net	(30,225)	–
Net cash used in investing activities	(34,445)	(4,098)
Financing activities		
Proceeds from issue of share capital	–	198,400
Shares issue expenses	–	(7,843)
Shares buyback	–	(1,843)
Repayment of obligations under lease liabilities (Note A)	(1,857)	(2,573)
Proceeds from bank borrowings (Note A)	65,554	33,638
Repayments of bank borrowings (Note A)	(77,306)	(52,524)
Dividends	(61,756)	(15,333)
Net cash (used in)/from financing activities	(75,365)	151,922
Net change in cash and cash equivalents	(3,385)	189,721
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,164)	329
Cash and cash equivalents at beginning of the financial year	201,512	11,462
Cash and cash equivalents at end of the financial year (Note 5)	195,963	201,512

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

Note A Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	2021	**Cash flows**	**Lease modification**	**Additions of property, plant and equipment under leases**	**Arising from acquisition of a subsidiary**	**Foreign exchange differences**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings	14,735	(11,752)	–	–	2,656	(356)	5,283
Lease liabilities	3,298	(1,857)	682	1,140	–	(94)	3,169

			Non-cash changes			
	2020	**Cash flows**	**Lease modification**	**Additions of property, plant and equipment under leases**	**Foreign exchange differences**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings	33,034	(18,886)	–	–	587	14,735
Lease liabilities	4,337	(2,573)	396	1,077	61	3,298

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with these financial statements.

1. General corporate information

Aztech Global Ltd. (the "Company") (Registration number 200909384G) is a public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 31 Ubi Road 1 #01-05 Singapore 408694. The Company was listed on the mainboard of Singapore Exchange Securities Trading Limited on 12 March 2021.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 of the financial statements.

The immediate and ultimate holding companies of the Company are Azventure Investments Pte. Ltd. (formerly known as Azventure Investments Ltd.) and AVS Investments Pte Ltd respectively, both of which are incorporated in Singapore. Related corporations in these financial statements refer to members of the ultimate holding company's group.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entities operate ("functional currency"). The financial statements are presented in Singapore dollar which is the functional currency and presentation currency of the Company. The financial statements are expressed in Singapore dollar and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses throughout the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

<u>Changes in accounting policies</u>

New standards, amendments and interpretations effective from 1 January 2022

The standards, amendments to standards, and interpretations that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

The following SFRS(I)s are relevant to the Group and the Company, and effective for annual periods beginning on 1 January 2023 and thereafter, and have not been adopted early:

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1 (Amendments) and SFRS(I) Practice Statement 2	:	Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 (Amendments)	:	Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12 (Amendments)	:	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2024*
SFRS(I) 16 (Amendments)	:	Lease liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1 (Amendments)	:	Non-current liabilities with Covenants	1 January 2024

* The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 in July 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current – Deferral of Effective Date and further revised to 1 January 2024 in December 2022 via Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants.*

Management anticipates that the adoption of the above new standards, amendments and interpretations in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect those returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, if any.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are carried at cost less any impairment loss, in the Company's statement of financial position.

2.3 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.4 Financial instruments

The Group recognises a financial asset or a financial liability in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

- significant financial difficulty of the issuer or the borrower;
- breach of contract, such as default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding deposits for land use right and value added tax receivables) and cash and cash equivalents in the statements of financial position.

Financial assets at fair value through profit or loss ("FVTPL")

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains and losses".

For equity instruments that are either held for trading or irrevocable election to measure the fair value changes through other comprehensive income has not been made, the fair value changes is recognised in profit or loss and presented in "Other gains and losses".

Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, re-issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables (excluding customer deposits) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.13).

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2. Summary of significant accounting policies (Continued)

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs of raw materials and finished goods are determined on a weighted average basis and include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less all estimated costs of completion and costs of realisation. Where necessary, the carrying values of inventories are adjusted to the lower of cost and net realisable value to account for obsolete, slow-moving and defective inventories.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Factory buildings	over the terms of lease, which are from 1.75% to 20%
Computer and office equipment	20% to 100%
Factory equipment	12.5% to 20%
Factory furniture and fittings	20%
Office furniture and fittings	20% to 33.33%
Research and development equipment and tools	20% to 33.33%
Software applications	20% to 100%
Motor vehicles	20% to 33.33%
Right-of-use assets	
Leasehold properties	20% to 50%
Factory equipment	12.5% to 20%
Motor vehicles	20% to 33.33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Intangible assets

Internally-generated intangible assets - development expenditure

Expenditure on research activities is recognised as an expense in the financial year in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where no internally-generated asset can be recognised, development expenditure is charged to profit or loss in the financial year in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and any accumulated impairment losses.

2.8 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. Summary of significant accounting policies (Continued)

2.9 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is estimated based on historical experience of the level of repairs and replacements.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available at the date of the end of the reporting period, rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.11 Leases

The Group as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

2. Summary of significant accounting policies (Continued)

2.11 Leases (Continued)

<u>The Group as lessee</u> (Continued)

Initial measurement (Continued)

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets in “Property, plant and equipment” and “Lease liabilities” in the statements of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. (Refer to Note 2.6 for the estimated useful lives for right-of-use assets)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards (see Note 2.13).

2. Summary of significant accounting policies (Continued)

2.11 Leases (Continued)

The Group as lessee (Continued)

Subsequent measurement (Continued)

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The Group as lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within “Other receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statements of financial position, which represents the lease payments owed to the head lessor.

2. Summary of significant accounting policies (Continued)

2.12 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers are fixed amounts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Sale of electronic products

Revenue from the sale of electronic products is recognised at point in time when the products are delivered to the customers.

There is limited judgement needed to identify when the point of control passes to customers. There is no element of financing component in the Group's revenue transactions as customers are required to pay within a credit term of 90 days. Where the payments are received in advance, a contract liability is recognised and presented as customer deposits in "other payable".

All electronic products sold by the Group include standard warranty which requires the Group either to replace or mend the defective product during the warranty period. The warranty against defect is not accounted for as separate performance obligation.

Dividend income

Dividend income recognised by the Company from the subsidiaries is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is recognised on a time-proportion basis in profit or loss using the effective interest method.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.14 Retirement benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and the Group has no legal and constructive obligation to pay further once the payments are made.

Share-based compensation

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Other long-term service benefits

The Group operates a retirement benefit plan which it offers the qualified employees an amount of benefit that an employee will receive on or after retirement, usually dependent on certain percentage of their final pay for every year of completed service and these payments are made in full after the date of retirement. The liability recognised on the statements of financial position in respect of a retirement benefit plan is the present value of the retirement benefit obligation at the reporting date. The present value of the retirement benefit obligation is determined by discounting the estimated future cash outflows using the market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

2.15 Profit sharing scheme

Certain Directors are entitled to share of the profit under the profit sharing scheme. A provision is made for the estimated liability under the profit sharing scheme and is presented in "Other payables".

2.16 Employee leave entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.17 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.18 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior financial years shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the financial year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively). In the case of a business combination, the tax effect is taken into account in calculating goodwill.

2.19 Dividends

Equity dividends are recognised when they become legally payable, interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholder.

2. Summary of significant accounting policies (Continued)

2.20 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investments in foreign entities (including monetary items that, in substance, form part of the net investments in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements, apart from those involving estimations (see below), that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment in value of investments in subsidiaries

During the financial year ended 31 December 2022, arising from indicators of impairment in investment in Aztech Technologies Pte. Ltd., Aztech Systems (Hong Kong) Limited and AZ E-Lite (HK) Limited., the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements.

Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows derived from these subsidiaries and no impairment loss was recognised during the financial year. The key assumptions and estimations used in the value-in-use calculation is disclosed in Note 11 to the financial statements. As of 31 December 2022, the carrying amount of the Company's investments in subsidiaries amounted to approximately $78,866,000 (2021: $76,551,000).

Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group estimates the incremental rate using observable inputs (such as market interest rates) when available and make certain entity-specific estimates (such as own credit rating, lease term, security as well as lease value) in order to reflect what the Group would have to pay.

The incremental borrowing rate applied to lease liabilities as at 31 December 2022 ranged between 1.5% to 6.2% (2021: 2.0% to 6.2%) per annum. The carrying amount of lease liabilities measured by applying incremental borrowing rate as at 31 December 2022 was $2,991,000 (2021: $2,981,000). If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by $18,000.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Loss allowance of trade receivables

Trade receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, adjusted with the geographical risk and credit risk profile of customer as appropriate to reflect current conditions and estimates of future economic conditions. Loss allowance of $662,000 (2021: $489,000) was recognised for the financial year ended 31 December 2022. As at 31 December 2022, the carrying amount of trade receivables was $197,566,000 (2021: $222,533,000).

4. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Some of the Group's and the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

Significant intercompany transactions, other than those disclosed elsewhere in the notes are as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
With subsidiaries		
Dividends received	79,053	47,978

During the financial year, the entities within the Group entered into the following transactions with related parties:

	Group	
	2022	**2021**
	$'000	**$'000**
Transactions with companies in which directors have equity interests:		
Rendering of services	(110)	(89)
Receiving of services	392	712
Proceed paid for the acquisition of assets and liabilities from a related company	2,050	–

4. Significant related party transactions (Continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Directors of the Company		
Short-term benefits	4,154	3,381
Post-employment benefits	29	25
	4,183	3,406
Other key management personnel		
Short-term benefits	1,418	1,621
Post-employment benefits	67	86
	1,485	1,707

5. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks available on demand	28,376	41,645	24,780	32,346
Short-term deposits	167,587	159,867	100,516	159,867
Cash and banks balances	195,963	201,512	125,296	192,213

Short-term deposits bear interest of 1.75% to 4.15% (2021: 0.4% to 0.5%) per annum with tenure of 1 week to 3 months (2021: 1 week to 1 month).

The Group's cash at banks amounting to $1,215,000 (2021: $151,000) is subject to the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

6. Trade receivables

	Group	
	2022	**2021**
	$'000	**$'000**
Third parties	200,351	224,675
Less: Loss allowance	(2,785)	(2,142)
	197,566	222,533

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days (2021: 30 to 90 days) credit terms.

Before accepting any new customer, the Group uses both internal and external credit review systems to assess the potential customer's credit quality and defines credit limits by customer.

As at 31 December 2022, total loss allowance for trade receivables amounts to $2,785,000 (2021: $2,142,000), and the Group does not hold any collateral over these balances.

Movements in the loss allowance for trade receivables are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Balance as at beginning of the financial year	2,142	1,640
Allowance provided	662	489
Exchange difference	(19)	13
Balance as at end of the financial year	2,785	2,142

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The lifetime expected credit loss allowance for Group's trade receivables are as follows:

	Current	**1 - 30 days past due**	**31 - 60 days past due**	**More than 60 days past due**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2022					
Non-credit impaired					
Expected loss rate (%)	0.7	1.9	6.1	16.3	
Gross carrying amount					
- Trade receivables	188,069	3,990	82	8,210	200,351
Less: Loss allowance	(1,365)	(77)	(5)	(1,338)	(2,785)
	186,704	3,913	77	6,872	197,566
Total loss allowance	1,365	77	5	1,338	2,785

6. Trade receivables (Continued)

	Current $'000	1 - 30 days past due $'000	31 - 60 days past due $'000	More than 60 days past due $'000	Total $'000
2021					
Non-credit impaired					
Expected loss rate (%)	0.6	3.5	5.7	7.4	
Gross carrying amount					
- Trade receivables	201,982	17,332	5,054	307	224,675
Less: Loss allowance	(1,226)	(605)	(288)	(23)	(2,142)
	200,756	16,727	4,766	284	222,533
Total loss allowance	1,226	605	288	23	2,142

7. Other receivables

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current				
Other receivables				
- Third parties	432	105	334	43
- Subsidiary	–	–	10,342	19,000
Value added tax receivable	2,404	2,345	12	13
Deposits	2,299	245	11	11
Deposits for land use right	680	748	–	–
Finance lease receivables	–	–	488	465
	5,815	3,443	11,187	19,532
Non-current				
Finance lease receivables	–	–	–	474
Total other receivables	5,815	3,443	11,187	20,006

Other receivables from third parties and related corporations are non-trade, unsecured, interest free and repayable on demand.

Other receivable from a subsidiary relates to dividends receivable during the financial year.

Included in deposits is an amount of approximately $2,115,000 paid for the acquisition of a factory building by a subsidiary during the financial year.

Deposits for land use right relate to an amount paid for a land use right which the Group had not yet obtained the land use right certificate from the People's Republic of China government authorities. On 29 December 2019, the Group had signed a letter of intent with a third party for the transfer of the land use right. As of the reporting date, the negotiations in relation to the transfer of the land use right is pending.

7. Other receivables (Continued)

Finance lease receivables - Subleases

The Company's sublease of its right-of-use of office premises to related corporations are classified as finance lease because the subleases are for the entire remaining lease term of the head leases. Right-of-use assets relating to the head leases with sublease classified as finance lease are derecognised.

The maturity analysis of lease receivables of the Company is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Amount receivable under lease receivables:				
Within one year	494	480	488	465
In the second to fifth year	–	479	–	474
Less: Future finance charges	(6)	(20)	–	–
	488	939	488	939
Less:				
Amount due for settlement within 12 months (shown under current assets)			(488)	(465)
Amount due for settlement after 12 months (shown under non-current assets)			–	474

8. Other investments

	Group and Company	
	2022	2021
	$'000	$'000
Financial assets, at FVTPL		
Singapore		
Treasury bills	10,050	–
Structured deposits	20,212	–
	30,262	–

The treasury bills acquired at discounted price from the face value and bear no coupon. The bills are maturing in 1 month from the reporting date.

The structured deposits bear interest of 3.85% per annum with tenure of 2 months.

9. Derivative financial instruments

	Group and Company	
	2022	2021
	$'000	$'000
Derivative (liabilities)/assets not held for hedging:		
Currency forward contracts at fair value	(988)	381

At the end of the reporting period, the total notional amount of the currency forward contracts to be settled on a gross basis, are as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Derivative not held for hedging:		
Currency forward contracts at fair value	342,918	635,763

As at the end of reporting period, the settlement dates for the derivative financial instruments range from 4 days to 2 months (2021: 15 days to 9 months). The Group and the Company did not apply fair value hedging for the financial years ended 31 December 2022 and 31 December 2021.

10. Inventories

	Group	
	2022	2021
	$'000	$'000
Finished goods	3,229	4,249
Work-in-progress	15,740	12,287
Raw materials	66,242	45,896
	85,211	62,432

During the financial year, the cost of inventories recognised as expense and included in "changes in inventories of finished goods and work in progress, and raw materials used" amounted to $612,046,000 (2021: $466,104,000).

As of 31 December 2022, write-downs of inventories to net realisable value amounting to $2,204,000 (2021: $93,000) have been included in "other operating expenses" line item in profit or loss.

11. Investments in subsidiaries

	Company 2022 $'000	Company 2021 $'000
Unquoted equity investments		
– at costs	66,860	64,545
– deemed interest	12,006	12,006
Carrying amount	78,866	76,551

Deemed interest arose from financial guarantees provided by the immediate holding company to banks in respect of financing facilities granted to the Group.

Impairment on investments in subsidiaries

As at the end of the reporting period, the Company carried out a review of the recoverable amount of its investments in certain subsidiaries as a result of indicators of impairment based on the existing performance of these subsidiaries during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations.

The key assumptions for the value-in-use calculations are those regarding the revenue growth rates, gross margin and discount rates at each reporting date as follow:

	Revenue growth rates	Gross margins	Discount rates
2022			
AZ E-Lite (HK) Limited	-6 - 10%	22.0%	14.6%
Aztech Systems (Hong Kong) Limited	5 - 13%	2.7%	16.5%
Aztech Technologies Pte. Ltd.	26%	8.2%	11.3%
2021			
AZ E-Lite Pte. Ltd.	1,868%	19.4%	8.3%
Aztech Systems (Hong Kong) Limited	-9%	4.5%	12.8%
IOT Manufacturing Sdn. Bhd.	204%	8.0%	14.3%

Revenue growth rates and gross margins – The forecasted revenue growth rates and gross margins are based on management's expectations for each CGU from historical trends as well as average growth rates of the industry. Arising from the assessment, no impairment loss (2021: no impairment loss) was recognised on the investments in these subsidiaries during the financial year.

In the previous financial year, the significant revenue growth rate for AZ E-lite Pte. Ltd. ("AZE") was based on the assumption that AZE fulfils the orders of a new product to a new customer in the financial year ending 31 December 2022. The new product has completed the testing phase and is ready for production and deliveries in February 2022. There is no indication of impairment of this subsidiary for the financial year ended 31 December 2022.

In the previous financial year, the significant revenue growth rate for IOT Manufacturing Sdn. Bhd. ("IOTM") was based on the assumption IOTM will operate at its intended capacity in the financial year ending 31 December 2022. During the financial year ended 31 December 2021, IOTM was operating at around one third of its capacity. There is no indication of impairment of this subsidiary for the financial year ended 31 December 2022.

11. Investments in subsidiaries (Continued)

Impairment on investments in subsidiaries (Continued)

Discount rates - Management estimates discount rate that reflect current market assessments of the time value of money and the risks specific to the CGUs.

As at end of the reporting period, the recoverable amount of the investments in subsidiaries was determined to be higher than its carrying amount and therefore, no impairment loss recognised.

Sensitivity analysis

As at each reporting date, based on management's assessment of the CGUs, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

The subsidiaries of the Company are set out below:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2022	2021
			%	%
Held by the Company				
Aztech Systems (Hong Kong) Limited[(1)]	Hong Kong	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
Aztech Technologies Pte. Ltd.	Singapore	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
AZ E-Lite Pte. Ltd. [(4)]	Singapore	International wholesale supply of LED lighting	100	100
Aztech Innovation Pte. Ltd. [(4)]	Singapore	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
IOT Manufacturing Sdn. Bhd.[(2)]	Malaysia	Manufacture of Data- communication products; electronic and electrical products / LED lights	100	100
Held by Aztech Systems (Hong Kong) Limited				
Aztech Communication Device (DG) Ltd[(3)]	The People's Republic of China	Manufacture of Data-communication products; electronic and electrical products / LED lights and plastic injection parts	100	100
AZ E-Lite (HK) Limited[(1)] [(4)]	Hong Kong	International sale and supply of electronic and electrical products and LED lights	100	100

11. Investments in subsidiaries (Continued)

The subsidiaries of the Company are set out below: (Continued)

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2022	2021
			%	%
Held by the Aztech Communication Device (DG) Ltd				
AZ E-lite JJS Ltd[4]	The People's Republic of China	Manufacture of Data-communication products; electronic and electrical products / LED lights and plastic injection parts	100	100
Shenzhen Aztech Trading Company Ltd[4] [5]	The People's Republic of China	Research and development of multi-communication products and general trading	–	100
Held by IOT Manufacturing Sdn. Bhd.				
Huuve Sdn. Bhd.[2][6]	Malaysia	Investment holding company	100	–

All the subsidiaries are audited by BDO LLP, Singapore except for the subsidiaries that are indicated as follows:

(1) Audited by overseas member firm of BDO network, BDO Limited, Hong Kong.

(2) Audited by overseas member firm of BDO network, BDO PLT, Malaysia.

(3) Audited by overseas member firm of BDO network, BDO Limited, Hong Kong, for consolidation purpose.

(4) Not considered a significant subsidiary under Rule 718 of the SGX-ST Listing Manual.

(5) On 27 March 2020, the Company's indirect subsidiary, Shenzhen Aztech Trading Company Ltd had applied for voluntary liquidation. As at 31 December 2022, the liquidation process is completed and its operation ceased entirely.

(6) Acquired by the Company's subsidiary, IOT Manufacturing Sdn. Bhd. during the financial year ended 31 December 2022 as disclosed in Note 12 to the financial statements.

12. Property, plant and equipment

	Factory buildings	Freehold land	Computer and office equipment	Factory equipment	Factory furniture and fittings	Office furniture and fittings	Research and development equipment and tools	Software applications	Motor vehicles	Right-of-use assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
Cost											
Balance as at 1 January 2022	7,945	–	1,038	37,272	7,974	328	422	1,156	916	14,305	71,356
Additions	1,168	4,689	57	946	364	53	–	447	553	1,140	9,417
Transfers	–	–	–	5,081	–	–	–	–	–	(5,081)	–
Written off	–	–	–	(3,053)	(42)	–	–	(292)	–	–	(3,387)
Disposals	–	–	(46)	(785)	(5)	–	–	(18)	(34)	(494)	(1,382)
Lease modification, net	–	–	–	–	–	–	–	–	–	(2,218)	(2,218)
Exchange difference	(769)	(181)	–	(3,178)	(470)	(1)	–	(59)	(31)	(414)	(5,103)
Balance as at 31 December 2022	8,344	4,508	1,049	36,283	7,821	380	422	1,234	1,404	7,238	68,683
Accumulated depreciation											
Balance as at 1 January 2022	(5,143)	–	(890)	(23,357)	(4,149)	(295)	(422)	(1,037)	(663)	(8,829)	(44,785)
Charge for the financial year	(314)	–	(49)	(4,459)	(1,087)	(30)	–	(195)	(130)	(2,346)	(8,610)
Transfers	–	–	–	(3,517)	–	–	–	–	–	3,517	–
Written off	–	–	–	2,554	20	–	–	289	–	–	2,863
Disposals	–	–	46	746	4	–	–	18	14	388	1,216
Lease modification	–	–	–	–	–	–	–	–	–	2,932	2,932
Exchange difference	487	–	–	2,310	381	1	–	42	28	216	3,465
Balance as at 31 December 2022	(4,970)	–	(893)	(25,723)	(4,831)	(324)	(422)	(883)	(751)	(4,122)	(42,919)
Carrying amount											
Balance as at 31 December 2022	3,374	4,508	156	10,560	2,990	56	–	351	653	3,116	25,764

12. **Property, plant and equipment** (Continued)

	Factory buildings $'000	Computer and office equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Office furniture and fittings $'000	Research and development equipment and tools $'000	Software applications $'000	Motor vehicles $'000	Right-of-use assets $'000	Total $'000
Group										
Cost										
Balance as at 1 January 2021	7,603	1,006	33,277	6,268	321	422	1,003	895	12,588	63,383
Additions	–	52	3,043	1,542	7	–	125	–	1,097	5,866
Written off	–	–	(363)	(46)	–	–	–	–	–	(409)
Disposals	–	(22)	(68)	–	–	–	–	–	(90)	(180)
Lease modification	–	–	–	–	–	–	–	–	396	396
Exchange difference	342	2	1,383	210	–	–	28	21	314	2,300
Balance as at 31 December 2021	7,945	1,038	37,272	7,974	328	422	1,156	916	14,305	71,356
Accumulated depreciation										
Balance as at 1 January 2021	(4,624)	(877)	(18,036)	(2,952)	(272)	(422)	(709)	(538)	(6,048)	(34,478)
Charge for the financial year	(305)	(33)	(4,628)	(1,051)	(23)	–	(307)	(110)	(2,685)	(9,142)
Written off	–	–	186	4	–	–	–	–	–	190
Disposals	–	22	20	–	–	–	–	–	72	114
Exchange difference	(214)	(2)	(899)	(150)	–	–	(21)	(15)	(168)	(1,469)
Balance as at 31 December 2021	(5,143)	(890)	(23,357)	(4,149)	(295)	(422)	(1,037)	(663)	(8,829)	(44,785)
Carrying amount										
Balance as at 31 December 2021	2,802	148	13,915	3,825	33	–	119	253	5,476	26,571

12. Property, plant and equipment (Continued)

Right-of-use assets of the Group are as follows:

	Leasehold properties $'000	Factory equipment $'000	Motor vehicles $'000	Total $'000
Cost				
Balance as at 1 January 2022	7,807	5,255	1,243	14,305
Additions	1,140	–	–	1,140
Transfers	–	(5,081)	–	(5,081)
Disposal	–	–	(494)	(494)
Lease modification				
- Lease extension	1,444	–	–	1,444
- Lease termination	(3,662)	–	–	(3,662)
Exchange difference	(240)	(174)	–	(414)
Balance as at 31 December 2022	6,489	–	749	7,238
Accumulated depreciation				
Balance as at 1 January 2022	(5,031)	(3,151)	(647)	(8,829)
Charge for the financial year	(1,720)	(470)	(156)	(2,346)
Transfers	–	3,517	–	3,517
Disposal	–	–	388	388
Lease modification – lease termination	2,932	–	–	2,932
Exchange difference	112	104	–	216
Balance as at 31 December 2022	(3,707)	–	(415)	(4,122)
Carrying amount				
Balance as at 31 December 2022	2,782	–	334	3,116
Cost				
Balance as at 1 January 2021	6,246	5,029	1,313	12,588
Additions	1,077	–	20	1,097
Disposal	–	–	(90)	(90)
Lease modification	396	–	–	396
Exchange difference	88	226	–	314
Balance as at 31 December 2021	7,807	5,255	1,243	14,305
Accumulated depreciation				
Balance as at 1 January 2021	(3,108)	(2,394)	(546)	(6,048)
Charge for the financial year	(1,876)	(636)	(173)	(2,685)
Disposal	–	–	72	72
Exchange difference	(47)	(121)	–	(168)
Balance as at 31 December 2021	(5,031)	(3,151)	(647)	(8,829)
Carrying amount				
Balance as at 31 December 2021	2,776	2,104	596	5,476

12. Property, plant and equipment (Continued)

As at 31 December 2022, the Group's application of the land use right certificate and property ownership certificates in respect of the factory buildings amounting to $2,264,000 (2021: $2,802,000) is still pending approval from the relevant China government authorities.

The Group's freehold land and building with carrying amount of $5,618,000 (2021: $Nil) were pledged as security for banking facility granted to the Group as disclosed in Note 14 to the financial statements.

As at 31 December 2022, lease liabilities are secured by factory equipment and motor vehicles of the Group with the carrying values of $334,000 (2021: $2,700,000).

Particulars of the lands and properties held by the Group are as follows:

Location	Description	Tenure
Jiu Jiang Shui Village, Chang Ping Town Dong Guan City, Guang Dong Province, China	Factory annexed with office building and other ancillary buildings	50 years with effect from 1 October 2002
Lot 8 & 10, Jalan Laman Setia 7/4 Taman Laman Setia 81550 Gelang Patah Johor, Malaysia	Single storey detached factory annexed with double storey office together with other ancillary buildings	Freehold

On 19 September 2022, the Group completed the acquisition of Huuve Sdn. Bhd. ("Huuve") from a related corporation through direct acquisition of the freehold land and building and acquisition of the entire equity interest in Huuve for a total cash consideration of approximately $2,050,000 (equivalent to approximately RM 6,538,000).

The acquisition of Huuve has been accounted for as acquisition of assets and liabilities as it does not meet the definition of a business combination. Details of the acquisition are as follows:

	Direct acquisition of freehold land and building $'000	Acquisition of subsidiary $'000	Total $'000
Freehold land and building	5,857	–	5,857
Cash and bank balances	–	123	123
Other receivables	–	96	96
Income tax receivable	–	8	8
Other payables	–	(1,356)	(1,356)
Borrowings	–	(2,656)	(2,656)
Deferred tax liabilities	–	(22)	(22)
Total consideration, satisfied by cash	5,857	(3,807)	2,050
Net cash outflow arising on acquisition			
Cash consideration paid	(5,857)	3,807	(2,050)
Cash and bank balances acquired	–	123	123
	(5,857)	3,930	(1,927)

12. Property, plant and equipment (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Additions of property, plant and equipment	9,417	5,866
Acquired via acquisition of Huuve Sdn. Bhd.	(5,857)	–
Acquired under leases	(1,140)	(1,077)
Net cash payment made	2,420	4,789

13. Intangible assets

	Group	
	2022	**2021**
	$'000	**$'000**
Deferred development cost		
Costs		
Balance as at the beginning of the financial year	35,118	35,467
Written off	–	(389)
Exchange differences	(17)	40
Balance as at the end of the financial year	35,101	35,118
Accumulated amortisation		
Balance as at the beginning of the financial year	35,118	34,402
Amortisation	–	1,065
Written off	–	(389)
Exchange differences	(17)	40
Balance as at the end of the financial year	35,101	35,118
Carrying amount		
Balance as at end of the financial year	–	–

The above deferred development cost is relating to product development and has finite useful lives, and is amortised on a straight line basis. The amortisation period for development cost incurred is between one and three years.

14. Borrowings

	Group	
	2022	**2021**
	$'000	**$'000**
Secured		
Trade finance	–	8,800
Term loans	5,283	3,818
Unsecured		
Term loans	–	2,117
Total borrowings	5,283	14,735
The borrowings are repayable as follows:		
On demand or within one financial year	1,347	11,894
Within two to five financial years	3,936	2,841
	5,283	14,735

The fair value of non-current borrowings approximates its carrying amount. The fair value above is determined based on cash flow analysis, discounted at market borrowing rates of a similar instrument which management expected to be available to the Group. The fair value is within level 3 of the fair value hierarchy.

The bank facilities are secured by a corporate guarantee from the Company.

14.1 Trade finance

As at 31 December 2022, the Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credits and export trade loans of $124,639,000 (2021: $125,600,000). In the previous financial year, $8,800,000 was utilised and excluding bank overdraft facilities, these banking facilities bear interest rates which ranged from 1.64% to 4.30% per annum.

As at 31 December 2022, the undrawn banking facilities for trade finance of the Group amounted to $124,639,000 (2021: $116,800,000).

14.2 Term loans

At the reporting date, term loans comprised:

- an amount totalling $5,000,000 drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in September 2025 by monthly instalment. The loan bears an average effective interest rate of approximately 3% (2021: 3%) per annum and is denominated in Singapore dollar. As at 31 December 2022, the outstanding balance of the loan was $2,841,000 (2021: $3,818,000).

- an amount totalling $4,144,000 denominated in Malaysian ringgit (equivalent RM12,600,000) drawn down by a subsidiary of the Company to finance the acquisition of freehold land and building. The loan, secured by the freehold lands and buildings and corporate guarantee executed by the Company, bears an average effective interest rate of approximately 4.7% per annum and is repayable in 77 equal monthly instalments of $39,500 (equivalent RM120,000) until February 2026, with the remaining balance to be repaid through lump-sum repayment in March 2026. As at 31 December 2022, the outstanding balance of the loan was $2,442,000.

14. Borrowings (Continued)

14.2 Term loans (Continued)

At the reporting date, term loans comprised (Continued):

- an amount totalling approximately $2,117,000 (equivalent to RMB10,000,000) drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in November 2022. The loan bears an average effective interest rate of approximately 4.35% per annum and is denominated in Renminbi. The loan was fully repaid as at 31 December 2022 (2021: Outstanding of $2,117,000).

14.3 Other banking facilities

The Group and the Company has banking facilities relating to revolving loans and overdraft of $38,452,000 (2021: $35,875,000) remained undrawn.

15. Lease liabilities

	Leasehold properties $'000	**Factory equipment $'000**	**Motor vehicles $'000**	**Total $'000**
Group				
Balance as at 1 January 2022	2,981	–	317	3,298
Additions	1,140	–	–	1,140
Interest expense (Note 30)	93	–	15	108
Lease payments				
- Principal portion	(1,718)	–	(139)	(1,857)
- Interest portion	(93)	–	(15)	(108)
Lease modification	682	–	–	682
Exchange difference	(94)	–	–	(94)
Balance as at 31 December 2022	2,991	–	178	3,169
Balance as at 1 January 2021	3,260	664	413	4,337
Additions	1,077	–	–	1,077
Interest expense (Note 30)	107	1	12	120
Lease payments				
- Principal portion	(1,798)	(679)	(96)	(2,573)
- Interest portion	(107)	(1)	(12)	(120)
Lease modification	396	–	–	396
Exchange difference	46	15	–	61
Balance as at 31 December 2021	2,981	–	317	3,298

15. Lease liabilities (Continued)

	Leasehold properties	
	2022	**2021**
	$'000	**$'000**
Company		
Balance as at the beginning of the financial year	939	1,337
Lease modification	18	–
Interest expense	15	21
Lease payments		
- Principal portion	(469)	(398)
- Interest portion	(15)	(21)
Balance as at the end of the financial year	488	939

The maturity analysis of lease liabilities of the Group and the Company at each reporting date were as follows:

	Minimum lease payments		Present value of Minimum lease payments	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Amounts payable under lease liabilities:				
Within one year	1,674	1,939	1,563	1,859
In the second to fifth year inclusive	1,698	1,504	1,606	1,439
Less: Future finance charges	(203)	(145)	–	–
Present value of lease obligations	3,169	3,298	3,169	3,298
Less:				
Amount due for settlement within 12 months (shown under current liabilities)			(1,563)	(1,859)
Amount due for settlement after 12 months (shown under non-current liabilities)			1,606	1,439
Company				
Amounts payable under lease liabilities:				
Within one year	494	479	488	465
In the second to fifth year inclusive	–	479	–	474
Less: Future finance charges	(6)	(19)	–	–
Present value of lease obligations	488	939	488	939
Less:				
Amount due for settlement within 12 months (shown under current liabilities)			(488)	(465)
Amount due for settlement after 12 months (shown under non-current liabilities)			–	474

15. Lease liabilities (Continued)

The Group leases a number of properties (i.e. office building and warehouses) in Singapore, Hong Kong and the People's Republic of China with only fixed lease payments over the lease term.

The Company leases office premises with only fixed payment over the lease term. These office premises have been subleased to related companies under finance leases (Note 7).

The Group also leases certain items of factory equipment and motor vehicles with only fixed payments over the lease terms. There are no externally imposed covenants on these lease arrangements.

Certain equipment of the Group are qualified for low value assets and short term lease and the low-value and short term lease exemption is made on lease-by-lease basis.

Total cash outflow for all the leases (including leases on low-value assets and short term leases) in 2022 was $2,268,000 (2021: $3,281,000).

As at 31 December 2022, the incremental borrowing rates applied ranged from 1.5% to 6.2% (2021: 2.0% to 6.2%) per annum, and interest rate explicitly stated in the lease ranged from 1.95% to 2.28% (2021: 1.3% to 2.6%) per annum.

As at 31 December 2022, the Group's lease obligations were secured by the leased assets, recorded within property, plant and equipment (Note 12), with net carrying values of $334,000 (2021: $2,700,000).

16. Trade payables

	Group	
	2022	**2021**
	$'000	**$'000**
Third parties	185,711	138,476

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The trade amounts are unsecured, interest free and repayable within the credit term of 60 to 120 days (2021: 60 to 120 days).

17. Other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Other payables				
- Third parties	1,825	1,260	40	42
- Subsidiaries	–	–	13,945	27,395
- A related corporation	–	128	–	–
Accrued expenses	28,159	39,421	163	285
Customer deposits	15,396	11,855	–	–
Profit-sharing scheme	2,078	3,870	–	3,870
	47,458	56,534	14,148	31,592

Other payables to third parties, subsidiaries and a related corporation are unsecured, interest free and repayable on demand.

Included in accrued expenses are amounts of $21,415,000 (2021: $27,346,000) relating to inventories received from vendors for which suppliers' invoices have not been received at the end of the reporting period.

Movements in customer deposits are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Balance as at beginning of the financial year	11,855	4,935
Amount received in advance	15,396	11,855
Credited to profit or loss	(11,855)	(4,935)
Balance as at end of the financial year	15,396	11,855

Customer deposits represent amounts received in advance which will be recognised as revenue in the subsequent financial year.

The amount of revenue that will be recognised in subsequent periods together with the customer deposits amounted to $16,816,000 (2021: $14,931,000) at the end of the reporting period.

18. Provision for retirement benefit

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Present value of retirement benefit obligation		
- Current	649	630
- Non-current	263	300
	912	930

During the financial year ended 31 December 2019, the Group implemented a Long-Term Retirement Incentive Plan ("LTRP") for the qualified employees within the Group. Under the LTRP, the qualifying employees will be eligible to receive a cash payout when they reach the minimum retirement age. Current portion of the provision for retirement benefit related to the amount which the qualified employees had met the minimum retirement age under the LTRP.

There are no plan assets associated with the provision for retirement benefit.

During the financial year, the reversal in cost of retirement benefit expense of $18,000 (2021: increase of $41,000) is recognised in the "Employee benefits expense" in profit and loss.

19. Deferred tax liabilities

	Group	
	2022	**2021**
	$'000	**$'000**
Deferred tax liabilities	308	294

	Accelerated tax depreciation	**Deferred expenditure**	**Total**
	$'000	**$'000**	**$'000**
Group			
Balance as at 1 January 2022	84	210	294
Credit to profit or loss	(7)	–	(7)
Arising from acquisition of a subsidiary	21	–	21
Balance as at 31 December 2022	98	210	308
Balance as at 1 January 2021	97	210	307
Credit to profit or loss	(14)	–	(14)
Exchange translation difference	1	–	1
Balance as at 31 December 2021	84	210	294

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax losses carry forwards available for offsetting against future taxable income as detailed below. In addition, the tax loss carry forwards are subjected to the retention of majority shareholders in the respective jurisdiction as defined.

19. Deferred tax liabilities (Continued)

In the previous financial year, no deferred tax asset has been recognised by the Group in respect of the tax losses amounting to $553,000 due to the unpredictability of future profits stream of the relevant subsidiaries. There are no unutilised tax losses in the financial year ended 31 December 2022.

Subject to the conditions imposed by the relevant taxation laws, the Group's tax loss carry forwards amounting to $553,000 as at 31 December 2021 are available for an unlimited future period.

As at 31 December 2022, no deferred tax liability of approximately $6,166,000 (2021: $3,900,000) has been recognised in respect of the temporary difference associated with undistributed earnings of subsidiaries because the Group is in the position to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

20. Share capital

	Group and Company	
	2022	**2021**
	Number of ordinary shares	
	'000	**'000**
Issued and paid up:		
Balance as at beginning of the financial year	773,826	15,468
Sub-division of shares	–	603,252
Issuance of shares pursuant to initial public offering exercise	–	155,000
Issue of ordinary shares from scrip dividends	–	106
Balance as at end of the financial year	773,826	773,826

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Issued and paid up:		
Balance as at beginning of the financial year	206,166	15,468
Issuance of shares pursuant to initial public offering exercise	–	198,400
Share issue expenses	–	(7,843)
Issue of ordinary shares from scrip dividends (Note 34)	–	141
Balance as at end of the financial year	206,166	206,166

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

On 18 February 2021, in connection with the proposed initial public offering, the shareholders approved the subdivision of each ordinary share in the capital of the Company into 40 ordinary shares.

On 12 March 2021, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 155,000,000 new ordinary shares at an issue price of $1.28 per ordinary share for cash consideration of $198,400,000 pursuant to an initial public offering.

20. Share capital (Continued)

Included in share issue expenses is an allocation of professional fee of $58,463, paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

Employee share options

Employees' share options were granted to key management personnel and selected employees based on the recommendation of the Remuneration Committee under the Aztech Employee Share Option Scheme, which became operative on 18 February 2021.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the key management personnel or selected employees completing another two years of service to the Group with fifty percent of the options are exercisable at the end of each year of service.

Once they have vested, the options are exercisable over a period of ten years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 13 December 2021, options to subscribe for 2,110,000 ordinary shares in the Company at an exercise price of $0.934 per ordinary share were granted pursuant to the Scheme ("2021 Options"). The 2021 Options are exercisable from 13 December 2022 and expire on 12 December 2031.

Movements in the number of unissued ordinary shares under the Aztech Employee Share Option Scheme and their exercise prices are as follows:

	Number of unissued ordinary shares of the Company under option						
Group and Company	**Balance as at beginning of the financial year**	**Granted during the financial year**	**Exercised during the financial year**	**Forfeited during the financial year**	**Balance as at end of the financial year**	**Exercise price**	**Exercise period**
2021 Options	2,110,000	–	–	(360,000)	1,750,000	0.934	13.12.2022 – 12.12.2031

The estimated fair value of the 2021 Options is $670,000. These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2021 Options
Weighted average sale price	$0.930
Weighted average exercise price	$0.934
Expected volatility	33.631% - 34.184%
Expected life	5.50 – 6.00 years
Risk free rate	1.419% - 1.470%
Expected dividend yield	0%

20. Share capital (Continued)

Employee share options (Continued)

The expected volatility measured on the median volatility of comparable companies based on a calculation of the historical 5.50 and 6.00 years on a daily share price data.

21. Treasury shares

	Group and Company			
	2022		2021	
	Number of ordinary shares		Number of ordinary shares	
	'000	$'000	'000	$'000
Balance as at beginning of the financial year	1,873	1,843	–	–
Share buyback	–	–	1,873	1,843
Balance as at end of the financial year	1,873	1,843	1,873	1,843

The Company holds 1,872,600 (2021: 1,872,600) treasury shares of $1,843,000 (2021: $1,843,000) as at 31 December 2022. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2022.

22. Capital reserve

Group

This comprise primarily the merger reserve which is the difference between the consideration paid and the share capital of the subsidiaries acquired under common control and is non-distributable.

Company

Capital reserve arose from the financial guarantees provided by the immediate holding company, Azventure Investments Pte. Ltd. to the banks for bank facilities granted to the Company's subsidiaries and is non-distributable.

23. Foreign currency translation (account)/reserve

The foreign currency translation (account)/reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency and is non-distributable.

24. Share options reserve

The share options reserve represents the corresponding effect from the recognition of the employee services received in exchange of the grant of options over the vesting period and is non-distributable.

25. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

26. Revenue

	Group	
	2022	**2021**
	$'000	**$'000**
Primary geographical markets		
North America	673,511	487,214
China	18,836	16,350
Europe	121,538	113,391
Singapore	2,968	3,288
Others	3,391	4,121
	820,244	624,364
Product types		
IoT devices and Datacom products	801,692	596,994
LED products	16,849	26,957
Others[(1)]	1,703	413
	820,244	624,364
Timing of transfer of goods		
Point in time	820,244	624,364

(1) Others refer to other electrical products.

27. Other income

	Group	
	2022	**2021**
	$'000	**$'000**
Scrap sales	117	168
Government grants	561	1,326
Others	688	151
	1,366	1,645

28. Employee benefits expense

	Group	
	2022	2021
	$'000	$'000
Employee benefits expense (including Directors' remuneration):		
Staff costs	46,170	46,550
Defined contributions plans	953	883
Share option expense	288	–
Other employee benefits	3,304	5,270
	50,715	52,703

Included in the employee benefits expense were Directors' remuneration as shown in Note 4 to the financial statements.

29. Other gains and losses

	Group	
	2022	2021
	$'000	$'000
Gain/(Loss) on disposal of plant and equipment	72	(2)
Gain from cessation of a subsidiary	1,321	–
Net foreign exchange gain	1,120	3,644
Fair value gain from other investments, net	29	–
Fair value (loss)/gain on derivative financial instruments	(56,553)	1,235
	(54,011)	4,877

30. Finance costs

	Group	
	2022	2021
	$'000	$'000
Interest expense for:		
Trade financing	602	234
Lease liabilities	108	120
Revolving and term loans	221	323
	931	677

31. Income tax expense

	Group	
	2022	**2021**
	$'000	**$'000**
Current income tax		
- current financial year	14,981	9,850
- (over)/under provision in prior financial years	(1,431)	746
	13,550	10,596
Deferred income tax		
- current financial year	(7)	(14)
	13,543	10,582

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2021: 17%) of the estimated assessable profit at the end of the financial year. The total charge for the financial years can be reconciled to the accounting profit as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Profit before income tax	80,730	84,962
Income tax calculated using applicable tax rate of 17%	13,724	14,444
Effects of different tax rates of overseas subsidiaries	(699)	3,445
Effects of tax concession	(5,281)	(6,505)
Non-taxable items	(91)	(105)
Non-allowable items	8,274	1,533
Tax rebate	(99)	(98)
Utilisation of deferred tax benefits previously not recognised	(723)	(2,878)
(Over)/Under provision in prior financial years	(1,431)	746
Others	(131)	–
Total income tax expense	13,543	10,582

Certain subsidiaries in the Group were awarded tax concessions as follows:

a. A subsidiary in the People's Republic of China has been awarded a concessionary rate of 15%, taxable on the subsidiary's qualifying income for a period of 3 years from 9 December 2020 under the High and New Technology Enterprise programme, subject to the agreement of the relevant authority including compliance with certain terms and conditions; and

b. A subsidiary in Singapore has been awarded a concessionary rate of 10%, taxable on the subsidiary's qualifying income for a period of 5 years from 1 January 2022 under the Development and Expansion Incentive programme, subject to the agreement of the relevant authority including compliance with certain terms and conditions.

32. Profit for the financial year

Profit for the financial year has been arrived at after charging:

	Group	
	2022	2021
	$'000	$'000
Amortisation and depreciation expenses		
Amortisation of intangible assets	–	1,065
Depreciation of property, plant and equipment	8,610	9,142
Other operating expenses		
Audit fee paid/payable		
- Statutory audit		
- auditors of the Company	140	118
- other auditors - other network firms	118	120
Non-audit fees paid/payable to auditors:		
- Non audit-related services		
- auditors of the Company	18	18
- other auditors - other network firms	17	16
Distribution costs	187	396
Lease expenses on		
- short-term leases	284	575
- low value assets	19	13
Other factory costs	7,296	8,797
Plant and equipment written off	524	219
Utilities costs	2,435	2,154
Write-down for inventories obsolescence	2,204	93

There are no audit-related services fee paid/payable to the auditors of the Company and other auditors.

33. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2022	2021
Profit attributable to owners of the Company ($'000)	67,187	74,380
Weighted average number of ordinary shares ('000)	771,953	743,892
Earnings per share (in cents) – Basic and diluted	8.70	10.00

Basic earnings per share

The calculation of basic earnings per share for financial year ended 31 December 2022 is based on profit attributable to owners of the Company for the financial year ended 31 December 2022 divided by weighted average of ordinary shares in issue for the financial year ended 31 December 2022 of 771,953,000 (2021: 743,892,000).

33. Earnings per share (Continued)

Diluted earnings per share

The diluted earnings per share for the relevant periods are same as the basic earnings per share as the dilutive potential ordinary shares arising from the outstanding employee share options for the relevant periods are anti-dilutive because the market share price as at 31 December 2022 is below the exercise price of the share options.

As at 31 December 2022, 875,000 out of 1,750,000 of the outstanding share options issued as disclosed in Note 20 to the financial statements are exercisable.

34. Dividends

On 13 May 2022, the Company paid a final dividend of $0.05 per ordinary share of the Company totalling $38,597,647 by cash in respect of financial year ended 31 December 2021.

On 23 Nov 2022, the Company paid an interim dividend of $0.03 per ordinary share of the Company totalling $23,158,588 in respect of the financial year ended 31 December 2022.

On 18 June 2021, the Company paid a final dividend of $0.02 per ordinary share of the Company totalling $15,474,048 comprised of cash dividend of $15,332,618 and scrip dividend of $141,430 in respect of financial year ended 31 December 2020.

The Directors of the Company have proposed a final one-tier tax-exempt dividend of $0.015 per ordinary share, totalling $11,579,294 in respect of the financial year ended 31 December 2022. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2023.

35. Commitments

<u>Land use right</u>

(i) Pursuant to a land use right agreement dated 15 June 2002, a subsidiary of the Company is committed to pay to the local authority in the People's Republic of China the land management fee of approximately $26,500 (equivalent to RMB130,000) per annum with an incremental rate of 10% every five years until 30 September 2052.

The subsidiary is committed to an additional land management fee of $11,000 (equivalent to RMB54,000) per annum with an incremental rate of 10% every five years until 2057, in accordance with an additional land use right agreement dated 6 April 2007.

(ii) As at 31 December 2022, the Group's production facilities are located on plots of land in the PRC of which land use right certificates and property ownership certificates have not been obtained. On 15 November 2022, the Group received certification from the relevant local government authority that the subsidiary of the Company will continue to be entitled to the right of use of the land and buildings until March 2025. Accordingly, there will not be any risk for the land and such buildings to be demolished by local government authorities or withdrawn from leasing by local government authorities.

<u>Capital commitment</u>

As at 31 December 2022, the Group's commitment in respect of capital expenditure contracted but not provided for the acquisition of a property by a subsidiary in Malaysia amounted to $19,034,000 (2021: $Nil).

36. Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Hong Kong, the People's Republic of China and Malaysia. All these locations are engaged in the manufacturing, distribution and trading of electronic products.

The Group has two reportable segments being manufacturing segment and distribution and trading segment.

The manufacturing segment manufactures and sells electronic products for its customers including related corporations.

The distribution and trading segment sells the electronic products to its customers including related corporations.

"Other" segments include the Group's remaining minor trading and investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision maker and they contribute minor amounts of revenue to the Group.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

36. Segment reporting (Continued)

	Distribution and trading		Manufacturing				
	Hong Kong	Singapore	China	Malaysia	Others*	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2022							
Revenue							
Revenue from external customers	93,590	725,189	1,465	–	–	–	820,244
Inter-segment revenue	418,169	4,331	691,101	215,791	–	(1,329,392)	–
Total revenue	511,759	729,520	692,566	215,791	–	(1,329,392)	820,244
Results							
Segment results	25,818	54,607	49,117	2,617	38,315	(88,813)	81,661
Finance costs	(200)	(561)	(128)	(9)	(50)	17	(931)
Profit before income tax	25,618	54,046	48,989	2,608	38,265	(88,796)	80,730
Income tax expense							(13,543)
Profit for the reporting period							67,187
Significant non-cash items							
Amortisation and depreciation expenses	339	1,094	5,896	1,433	13	(165)	8,610
Other items of income and expense							
Interest income	84	74	215	2	1,644	(15)	2,004
2021							
Revenue							
Revenue from external customers	125,441	495,691	3,232	–	–	–	624,364
Inter-segment revenue	310,152	24,929	551,006	80,291	–	(966,378)	–
Total revenue	435,593	520,620	554,238	80,291	–	(966,378)	624,364
Results							
Segment results	9,451	36,247	42,740	1,329	43,780	(47,908)	85,639
Finance costs	(50)	(366)	(252)	(7)	(21)	19	(677)
Profit before income tax	9,401	35,881	42,488	1,322	43,759	(47,889)	84,962
Income tax expense							(10,582)
Profit for the reporting period							74,380
Significant non-cash items							
Amortisation and depreciation expenses	386	2,108	6,639	1,248	–	(174)	10,207
Other items of income and expense							
Interest income	1	10	34	–	603	(21)	627

36. Segment reporting (Continued)

	Distribution and trading		Manufacturing				
	Hong Kong $'000	Singapore $'000	China $'000	Malaysia $'000	Others* $'000	Eliminations $'000	Total $'000
Total segment assets							
31 December 2022	154,970	220,145	273,225	201,396	251,545	(559,888)	541,393
Included in the segment assets:							
Addition:							
Property, plant and equipment	228	1,601	1,217	514	5,857	–	9,417
31 December 2021	182,343	447,675	277,379	51,728	289,284	(730,208)	518,201
Included in the segment assets:							
Addition:							
Property, plant and equipment	650	562	3,175	1,479	–	–	5,866
Total segment liabilities**							
31 December 2022	139,586	177,740	114,384	197,825	20,364	(406,378)	243,521
31 December 2021	150,651	377,943	151,514	51,656	33,499	(551,290)	213,973

* All assets and liabilities are allocated to reportable segments, except for certain assets and liabilities included as "Others" comprised of:

(1) Assets – Investments in subsidiaries, other receivables, derivative financial instruments and cash and cash equivalents;

(2) Liabilities – Other payables from subsidiaries, lease liabilities and provision for retirement benefit

** Total segment liabilities exclude current income tax payables and deferred tax liabilities.

Geographical and product information

The breakdown of the Group's revenue by geographical and by products are disclosed in Note 26 to the financial statements. As of 31 December 2022, revenue of approximately $713,167,000 (2021: $520,179,000) are derived from two single external customers. These revenues are attributable to Singapore's and Hong Kong's distribution and trading segment.

Location of non-current assets

	Hong Kong $'000	Singapore $'000	China $'000	Malaysia $'000	Consolidated $'000
31 December 2022	452	2,269	12,382	10,661	25,764
31 December 2021	660	2,071	17,509	6,331	26,571

Non-current assets consist of property, plant and equipment and intangible assets.

37. Financial instruments, financial risks and capital risks management

37.1 *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets				
Trade receivables	197,566	222,533	–	–
Other receivables	5,815	3,443	11,187	20,006
Cash and cash equivalents	195,963	201,512	125,296	192,213
	399,344	427,488	136,483	212,219
Less: Value added tax receivables	(2,404)	(2,345)	(12)	(13)
Less: Deposits for land use right	(680)	(748)	–	–
Amortised cost	396,260	424,395	136,471	212,206
Derivative financial instruments	–	381	–	381
Other investments	30,262	–	30,262	–
Fair value through profit or loss	30,262	381	30,262	381
Financial liabilities				
Trade payables	185,711	138,476	–	–
Other payables	47,458	56,534	14,148	31,592
Borrowings	5,283	14,735	–	–
Lease liabilities	3,169	3,298	488	939
Provision for retirement benefit	912	930	912	930
	242,533	213,973	15,548	33,461
Less: Customer deposits	(15,396)	(11,855)	–	–
Amortised cost	227,137	202,118	15,548	33,461
Derivative financial instruments, representing financial liabilities measured at fair value through profit or loss	988	–	988	–

37. Financial instruments, financial risks and capital risks management (Continued)

37.2 *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statements of financial position' to the line item amounts presented in the statements of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

The Group has no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements as at 31 December 2021 and 31 December 2022.

	Gross amounts of recognised financial assets and financial liabilities	Gross amounts of recognised financial assets and financial liabilities set off in the statements of financial position	Net amounts of financial assets and financial liabilities presented in the statements of financial position
	$'000	$'000	$'000
Company			
2022			
Financial assets			
Other receivables - subsidiaries	21,256	(10,914)	10,342
Financial liabilities			
Other payables - subsidiaries	24,859	(10,914)	13,945
2021			
Financial assets			
Other receivables - subsidiaries	31,727	(31,727)	–
Financial liabilities			
Other payables - subsidiaries	59,122	(31,727)	27,395

37.3 *Financial risk management policies and objectives*

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies that give rise to this risk are primarily the United States dollar and the Renminbi.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(i) Foreign exchange risk management (Continued)

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary. The Group uses derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation relating to certain forecasted transactions.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Renminbi	224	6,529	16,534	12	–	–	16,534	–
Hong Kong dollar	54,258	2,571	–	–	–	–	–	–
United States dollar	121,870	585,233	488,773	724,306	–	–	29,905	6,135
Ringgit Malaysia	3,224	607	4,456	61	–	–	–	–

Foreign currency sensitivity

The following analyses the sensitivity to a 5% (2021: 5%) increase or decrease in the respective foreign currencies against the respective functional currencies of the entities in the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end of the for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency strengthens by 5% against the functional currency of each entity of the Group, the effect on profit or loss will increase by:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Renminbi	816	(326)	827	–
United States dollar	18,345	6,954	1,495	307

If the relevant foreign currency weakens by 5% against the functional currency of each entity of the Group, the above will have an opposite effect.

The management does not expect any material impact on profit or loss arising from the effects of reasonably possible changes to foreign exchange rates of foreign currency balances denominated in Ringgit Malaysia and Hong Kong dollar at the end of the reporting period.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(ii) <u>Interest rate risk management</u>

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowing from banks and financial institutions in Singapore, the People's Republic of China and Hong Kong at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2021: 50 basis points) higher or lower with all other variables held constant, the Group's profit for the financial year ended 31 December 2022, would decrease or increase by $26,000 (2021: $74,000).

No analysis is prepared at the Company level as the impact is not expected to be material.

(iii) <u>Credit risk management</u>

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Cash terms, advance payments and letter of credits are required for customers of lower credit standing.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position except for the financial guarantees provided by the Company to banks for subsidiaries' borrowings as disclosed in Note 37.3(iii) – *Financial Guarantee Contracts*.

Trade receivables

The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from 5 (2021: 5) major customers which represent 99% (2021: 99%) of total trade receivables balance as at 31 December 2022.

The Group applies the simplified approach, using a provision matrix, to measure the expected credit losses for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(iii) Credit risk management (Continued)

Trade receivables (Continued)

The expected loss rates are based on the Group's historical credit losses experienced and then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customer.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that there is no further impairment required in excess of the loss allowance for trade receivables.

Further disclosures regarding expected credit loss on trade receivables, are disclosed in Note 6 to the financial statements.

Other receivables

Management assessed whether there is significant increase in credit risk for amount due from related corporations since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these related corporations and concluded that these corporations have sufficient net assets to repay their debts and are therefore subject to insignificant expected credit losses.

For other receivables, the management adopts a policy of dealing with high credit quality counterparties. The management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on these other receivables. As at the end of the reporting period, there is no indication that credit risk on these receivables have increased significantly, hence, these receivables are measured at 12-month expected credit loss model and subject to immaterial credit loss.

Cash and cash equivalents

The Group places its cash with creditworthy institutions with average rating of "AA-", based on Standard & Poor's rating. Impairment of cash at banks have been measured using a 12-month expected credit loss model. At the reporting date, the Group and the Company do not expect any material credit loss from non-performance by the counterparties.

Financial guarantee contracts

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks on subsidiaries' borrowings. The Company's maximum exposure are the maximum amount the Company could have to pay if the guarantee is called on. As at 31 December 2022, subsidiaries' borrowings of $5,283,000 (2021: $12,618,000) were guaranteed by the Company. For the financial guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future, hence, does not expect any material loss allowance under the 12-month expected credit loss model.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(iv) Liquidity risk management

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surplus and the raising of loans to cover expected cash demand, subject to approval by the Company's Board of Directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 14 to the financial statements.

The Company is the holding company for all its subsidiaries and has the ability to control the timing of repayment for the liabilities owing to its subsidiaries, management is satisfied that the Company is able to meet its existing and prospective funding requirements and continue to operate as a going concern.

Liquidity and interest analysis

Financial liabilities at amortised cost

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

	Weighted average effective interest rate per annum	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2022						
Non-interest bearing	–	218,422	–	263	–	218,685
Lease liabilities (fixed rate)	3.61	1,674	1,698	–	(203)	3,169
Bank borrowings (variable rate)	3.79	1,516	4,148	–	(381)	5,283
		221,612	5,846	263	(584)	227,137
Corporate guarantee	–	1,347	3,936	–	–	5,283

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest analysis (Continued)

Financial liabilities at amortised cost (Continued)

	Weighted average effective interest rate per annum	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2021						
Non-interest bearing	–	183,785	–	300	–	184,085
Lease liabilities (fixed rate)	3.45	1,939	1,504	–	(145)	3,298
Bank borrowings (variable rate)	3.51	12,138	2,964	–	(367)	14,735
		197,862	4,468	300	(512)	202,118
Corporate guarantee	–	9,777	2,841	–	–	12,618
Company						
2022						
Non-interest bearing	–	14,797	–	263	–	15,060
Lease liabilities (fixed rate)	2.00	494	–	–	(6)	488
		15,291	–	263	(6)	15,548
Corporate guarantee	–	1,347	3,936	–	–	5,283
2021						
Non-interest bearing	–	32,222	–	300	–	32,522
Lease liabilities (fixed rate)	2.00	479	479	–	(19)	939
		42,478	3,320	300	(19)	46,079
Corporate guarantee	–	9,777	2,841	–	–	12,618

Based on expectations at each reporting date, the Company considers that it is more likely than not that no amount will be payable under the arrangement. The financial guarantees have not been recognised in the financial statements of the Group as the Directors of the Company do not consider it probable that a claim will be made against the Group under the guarantees.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest analysis (Continued)

Financial liabilities at amortised cost (Continued)

Contractual maturity analysis – derivative financial instruments

The following table details the Group's and Company's maturity analysis for its derivative financial instruments. The table has been drawn up based on undiscounted gross cash inflows/(outflows) on those derivatives that require gross settlement.

	Group and Company	
	On demand or within one financial year	
	2022	2021
	$'000	$'000
Gross settled:		
Currency forward contracts:		
Gross inflow	342,918	635,763
Gross outflow	(343,906)	(635,382)
	(988)	381

(v) Fair value of financial assets and financial liabilities

For financial reporting purposes, the fair value measurement of the Group's and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Financial instrument that are not measured at fair value on a recurring basis

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values.

37. Financial instruments, financial risks and capital risks management (Continued)

37.3 *Financial risk management policies and objectives* (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

Financial instrument that are not measured at fair value on a recurring basis (Continued)

The fair value of non-current borrowing was based on cash flow analysis, discounted at market borrowing rates of a similar instrument which management expected to be available to the Group. The borrowing is classified as Level 3.

There are no transfers between the levels of the fair value hierarchy during the financial year.

Fair value of financial instruments carried at fair value

The fair value of other investments and currency forward contracts is determined using quoted price and forward currency rates respectively at the end of the financial year. These investments are classified as Level 2.

37.4 Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged as at the end of the reporting period.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital and reserves and retained profits.

Management monitors capital based on the Group's current ratio and net gearing ratio. As at 31 December 2022, the Group's current ratio were 2.05 (2021: 2.23). The Group's net gearing ratio for 31 December 2022 and 31 December 2021 is not presented as total cash and cash equivalents exceeded total borrowings and lease liabilities.

The current ratio is calculated as total current assets divided by total current liabilities.

The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total borrowings (Note 14) and lease liabilities (Note 15) less cash and cash equivalents (Note 5).

As disclosed in the Group's consolidated statement of changes in equity and Note 25 to the financial statements, a subsidiary is required by relevant laws and regulations of the PRC to contribute to and maintain a non-distributable PRC statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. The Group has complied with this externally imposed capital requirement.

As at end of each reporting period, management had assessed that the Group's cash and bank balances, together with anticipated cash flow from future operations and borrowings available under the Group's credit facilities, will be sufficient to fund its operations and capital expenditure requirements for the next 12 months.

38. Authorisation of financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2022, statement of financial position of the Company as at 31 December 2022 and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue by the Directors on 29 March 2023.

Analysis of Shareholdings

As at 20 March 2023

Issue and paid-up capital (including treasury shares)	:	$214,009,430.30
Number of shares issued including treasury shares	:	773,825,545
Number of shares issued excluding treasury shares	:	771,952,945
Number/percentage of Treasury Shares	:	1,872,600 (0.24%)
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	0.28	335	0.00
100 - 1,000	587	11.86	523,725	0.07
1,001 - 10,000	2,883	58.27	14,599,221	1.89
10,001 - 1,000,000	1,445	29.21	62,598,484	8.11
1,000,001 and above	19	0.38	694,231,180	89.93
Total	4,948	100.00	771,952,945	100.00

TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	AZVENTURE INVESTMENTS PTE LTD	542,197,600	70.24
2	RAFFLES NOMINEES (PTE) LIMITED	43,323,902	5.61
3	HSBC (SINGAPORE) NOMINEES PTE LTD	27,643,414	3.58
4	DBS NOMINEES PTE LTD	16,836,583	2.18
5	UOB KAY HIAN PTE LTD	14,004,600	1.81
6	CITIBANK NOMINEES SINGAPORE PTE LTD	10,386,659	1.35
7	OCBC SECURITIES PRIVATE LTD	7,075,040	0.92
8	PHILLIP SECURITIES PTE LTD	4,988,051	0.65
9	STARICH INVESTMENTS PTE LTD	4,726,500	0.61
10	MAYBANK SECURITIES PTE. LTD.	4,419,100	0.57
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,646,785	0.47
12	IFAST FINANCIAL PTE LTD	3,310,082	0.43
13	HPL INVESTERS PTE LTD	3,000,000	0.39
14	RONIE TAN CHOO SENG	2,110,000	0.27
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,928,226	0.25
16	DB NOMINEES (SINGAPORE) PTE LTD	1,292,260	0.17
17	OCBC NOMINEES SINGAPORE PTE LTD	1,180,077	0.15
18	DBSN SERVICES PTE LTD	1,094,395	0.14
19	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,067,906	0.14
20	CST INVESTMENT HOLDINGS PTE LTD	1,000,000	0.13
		695,231,180	90.06

Analysis of Shareholdings

As at 20 March 2023

SUBSTANTIAL SHAREHOLDERS
(as shown in the Company's register of Substantial Shareholders)

	NO. OF SHARES	
	DIRECT INTEREST	**DEEMED INTEREST**
AZVENTURE INVESTMENTS PTE LTD (1)	542,197,600	–
AVS INVESTMENTS PTE LTD (2)	–	542,197,600
MUN HONG YEW (3)	–	542,197,600

Notes:

(1) Azventure Investments Pte Ltd ("AZI"), formerly known as Azventure Investments Ltd, is directly interested in 542,197,600 shares in the Company.

(2) AVS Investments Pte. Ltd. ("AVSI") holds 100% of the issued and paid up share capital of AZI. Accordingly, AVSI is deemed to have an interest in all of AZI's shareholding in the Company.

(3) Mr Mun Hong Yew is the sole shareholder of AVSI, which in turn holds 100% of the issued and paid up share capital of AZI. Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company. Mr Mun Hong Yew is also a director of both AZI and AVSI.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 20 March 2023, approximately 29.67% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice of Annual General Meeting

This Notice has been made available on SGXNET and the Company's website and may be accessed at the URL https://www.aztechglobal.com/agm/index.html. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **AZTECH GLOBAL LTD.** (the "**Company**") will be convened and held at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on **Friday, 28 April 2023** at **10.00 a.m. (Singapore time),** for the following businesses:

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and Auditors' Report thereon. [**Resolution 1**]

2. To declare a final one-tier tax exempt dividend of S$0.015 per ordinary share for the financial year ended 31 December 2022. [**Resolution 2**]

3. To approve Directors' fees of S$16,767.12 for the financial year ended 31 December 2022 for Ms. Jeann Low Ngiap Jong who was appointed on 1 August 2022. [**Resolution 3**]
(Explanatory Note a)

4. To approve Directors' fees of S$450,000.00 for the financial year ending 31 December 2023. [**Resolution 4**]
(Explanatory Note a)

5. To re-elect Mr. Tan Jwee Meng, who is retiring pursuant to regulation 97 of the Company's constitution (the "**Constitution**"), and who, being eligible, will offer himself for re-election. [**Resolution 5**]
(Explanatory Note b)

6. To re-elect Mr. Tan Teik Seng, who is retiring pursuant to regulation 97 of the Constitution, and who, being eligible, will offer himself for re-election. [**Resolution 6**]
(Explanatory Note b)

7. To re-elect Ms. Jeann Low Ngiap Jong, who is retiring pursuant to regulation 96 of the Constitution, and who, being eligible, will offer herself for re-election. [**Resolution 7**]
(Explanatory Note b)

8. To re-appoint Messrs BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration. [**Resolution 8**]

9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

10. **Authority to allot and issue shares**

"That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or the vesting of share awards, provided the share options or share awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue or consolidation or subdivision of Shares,

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[**Resolution 9**]
(Explanatory Note c)

11. **Renewal of the Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**") as may be amended from time to time, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:

"**subsidiary holdings**" has the meaning ascribed to it in the listing rules of the SGX-ST;

"**Prescribed Limit**" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding subsidiary holdings and any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter), where:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which must not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[**Resolution 10**]
(Explanatory Note d)

12. **Authority to grant Options and to allot and issue Shares in accordance with the Aztech Employee Share Option Scheme ("Aztech ESOS")**

"That approval be and is hereby given to the Directors of the Company to:

(a) offer and grant Options in accordance with the provisions of the Aztech ESOS; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options under the Aztech ESOS granted while this Resolution was in force (notwithstanding that such issue of Shares may occur after the expiration of the authority contained in this Resolution),

provided that the aggregate number of Shares to be allotted and issued pursuant to the Aztech ESOS on any date, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Options under the Aztech ESOS, awards under the Aztech Performance Share Plan and any other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Option is granted."

[**Resolution 11**]
(Explanatory Note e)

13. **Authority to grant Awards and to allot and issue Shares under the Aztech Performance Share Plan ("Aztech PSP")**

"That approval be and is hereby given to the Directors of the Company to:

(a) grant Awards in accordance with the provisions of Aztech PSP; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the release of the Awards under the Aztech PSP granted while this Resolution was in force (notwithstanding that such issue of Shares may occur after the expiration of the authority contained in this Resolution),

provided that the aggregate number of Shares to be allotted and issued pursuant to the release of the Awards under the Aztech PSP on any date, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Awards under the Aztech PSP, Options under the Aztech ESOS and any other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Award is granted."

[**Resolution 12**]
(Explanatory Note f)

14. **Authority to allot and issue Shares pursuant to the Aztech Scrip Dividend Scheme**

"That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new ordinary shares in the Company as may be required to be allotted and issued under the Aztech Scrip Dividend Scheme, on such terms and conditions as may be determined by the Directors and to do all acts and things which they may in their absolute discretion deem necessary or desirable to carry the same into effect."

[**Resolution 13**]
(Explanatory Note g)

By Order of the Board

Ms. Pavani Nagarajah
Company Secretary
12 April 2023
Singapore

Notice of Annual General Meeting

Explanatory Notes:

a. Ordinary Resolutions 3 and 4

Ordinary Resolution 3, if passed will facilitate payment of the Directors' fees for the financial year ended 31 December 2022 for Ms. Jeann Low Ngiap Jong who was appointed on 1 August 2022 and payment is to be paid within 30 days of receipt of approval of the members at the forthcoming Annual General Meeting ("**AGM**"). The fees are pro-rated (153 days) based on the Director's Fees of $40,000 for the full year of 2022.

Ordinary Resolution 4, if passed, will facilitate payment of the Directors' fees for the financial year ending 31 December 2023. The Directors' fees for Mr. Mun Hong Yew, Mr. Mun Weng Hung, Mr. Tan Teik Seng, Mr. Tan Jwee Meng, Mr. Huang Junli Christopher and Ms. Jeann Low Ngiap Jong, will be paid in four (4) instalments on a quarterly basis, within thirty (30) days of the end of each quarter, with the payment for the first quarter of the year to be paid within thirty (30) days of the receipt of approval of the members at the forthcoming AGM. The aggregate amount of Directors' fees for the said Directors is calculated on the assumption that all Directors will hold office for the whole of the financial year ending 31 December 2023.

b. Ordinary Resolutions 5, 6 and 7

Mr. Tan Jwee Meng, upon re-election as a Director of the Company, remains as an Independent Director.

Mr. Tan Teik Seng will, upon re-election as a Director of the Company, remain as an Independent Director.

Ms. Jeann Low will, upon re-election as a Director of the Company, remain as an Independent Director.

The profiles of Mr. Tan Jwee Meng, Mr. Tan Teik Seng, and Ms. Jeann Low Ngiap Jong can be found in the "Board of Directors" section of the Company's Annual Report 2022 and the additional information required by Rule 720(6) of the Listing Manual of the SGX-ST is provided in the "Additional Information on Directors Seeking Re-election" section of the Company's Annual Report 2022.

c. Ordinary Resolution 9

Ordinary Resolution 9, if passed, will empower the Directors to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding fifty per cent. (50%), of which up to twenty per cent. (20%) may be issued other than on a *pro rata* basis to shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that Ordinary Resolution 9 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Ordinary Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

d. Ordinary Resolution 10

Ordinary Resolution 10 relates to the renewal of the mandate authorising the Company to purchase its own Shares, which was first approved by the shareholders at an extraordinary general meeting held on 13 October 2021. Please refer to the Appendix to this Notice of AGM for more information.

e. Ordinary Resolution 11

Ordinary Resolution 11, if passed, will empower the Directors to offer and grant Options under the Aztech ESOS and to allot and issue new Shares in the capital of the Company upon the exercise of such Options in accordance with the Aztech ESOS (as may be modified by the Committee from time to time), provided that the aggregate number of Shares to be allotted and issued pursuant to the Aztech ESOS, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Options under the Aztech ESOS, awards under the Aztech PSP and any other share schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which an Option is granted.

f. Ordinary Resolution 12

Ordinary Resolution 12, if passed, will empower the Directors to grant Awards and to issue and allot Shares pursuant to the vesting of the Awards under the Aztech PSP. The grant of Awards under the Aztech PSP will be made in accordance with the provisions of the Aztech PSP. The aggregate number of Shares which may be issued pursuant to the Aztech PSP, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Awards under the Aztech PSP, Options under the Aztech ESOS and any other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Award is granted.

g. Ordinary Resolution 13

Ordinary Resolution 13, if passed, will authorise the Directors to allot and issue Shares of the Company pursuant to the Aztech Scrip Dividend Scheme ("**Scrip Dividend Scheme**") to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount, in whole or in part, of that qualifying dividend. The authority will continue until the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting). Authority sought under Ordinary Resolution 13 is in addition to the general authority to issue Shares sought under Ordinary Resolution 9. For the avoidance of doubt, the Scrip Dividend Scheme is not applicable to the final one-tier tax exempt dividend of S$0.015 per ordinary share for the financial year ended 31 December 2022, as proposed in Ordinary Resolution 2.

NOTICE OF RECORD DATE AND DISTRIBUTION PAYMENT DATE

As stated in the Notice of Record Date set out in the Company's announcement dated 17 February 2023, the Company wishes to notify shareholders that the Transfer Book and Register of Members of the Company will be closed at 5.00 p.m. (Singapore time) on 8 May 2023 for the purpose of determining shareholders' entitlements to the proposed final dividend of S$0.015 per ordinary share in respect of the financial year ended 31 December 2022 ("FY2022 Final Dividend"). The FY2022 Final Dividend, if approved by shareholders at the 2023 AGM, will be paid on or about 17 May 2023.

Duly completed registrable transfers of the Shares received by the Company's Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 up to 5.00 p.m. (Singapore time) on 8 May 2023 will be registered before entitlements to the FY2022 Final Dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with Shares at 5.00 p.m. on 8 May 2023 will rank for the FY2022 Final Dividend.

Notes:

(i) The AGM will be held, in a wholly physical format, at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be disseminated to members by electronic means via publication on the Company's website at https://www.aztechglobal.com/agm, and will also be made available on the SGXNet's website at www.sgx.com/securities/company-announcements.

(ii) Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the AGM ("**Chairman**") in advance of, or at, the AGM, addressing of substantial and relevant questions prior to or at the AGM, and voting at the AGM by the member or his/her/its duly appointed proxy(ies), are set out in the Company's notice dated **12 April 2023** titled "Important Notice to Shareholders in relation to the Company's Annual General Meeting on 28 April 2023" ("**Notice to Shareholders**"). For the avoidance of doubt, the Notice to Shareholders is circulated together with and forms part of this Notice of AGM in respect of the AGM.

(iii) If shareholders have any questions in relation to any of the resolutions tabled for approval at the AGM, shareholders may send their queries in advance of the AGM, by **10.00 a.m**. on **19 April 2023** (the "**Deadline**"), via electronic mail to the Company's corporate secretarial team at agm@aztech.com, or by post to 31 Ubi Road 1, #01-05, Singapore 408694, together with their full name, identification numbers, contact numbers and email address and manner in which they hold Shares in the Company. The Company will address all substantial and relevant queries received by the Deadline from shareholders, by **10.00 a.m.** on **22 April 2023**. Any substantial or relevant questions received after the Deadline will be addressed at the AGM itself. The Company will also publish its responses to the questions raised during the AGM on its corporate website and on SGXNET.

(iv) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.

Notice of Annual General Meeting

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(v) A proxy need not be a member of the Company.

(vi) The proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be:

(a) if sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(b) if submitted by electronic mail, received by the Company at agm@aztech.com,

in either case, by **10.00 a.m.** on **25 April 2023**, being seventy-two (72) hours before the time of the AGM, and in default, the instrument of proxy shall be treated as invalid.

A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit duly completed proxy forms electronically via electronic mail. If a member elects to submit duly completed proxy forms electronically via electronic mail, all subsequent correspondence with the Company in relation to the AGM shall be conducted via electronic mail, and sent to the same electronic mail address from which the proxy forms were submitted.

(vii) The proxy form must be under the hand of the appointer or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

(viii) A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

(ix) The Company shall be entitled to reject the instrument appointing the Chairman as a proxy, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing the Chairman as a proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

(x) Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), other than Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors, and who wish to participate in the AGM by (a) attending the AGM in person; (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or (c) voting at the AGM (i) themselves; or (ii) by appointing the Chairman as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

(xi) In addition, CPF and SRS investors who wish to request their CPF Agent Banks or SRS Operators to appoint themselves or the Chairman as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **10.00 a.m.** on **18 April 2023**, being at least seven (7) working days before the date of the AGM.

(xii) The Annual Report 2022, Notice of AGM and proxy form for the AGM will be disseminated to shareholders solely by electronic means via publication on the Company's corporate website at https://www.aztechglobal.com/agm and will also be made available on SGXNet's website at https://www.sgx.com/securities/company-announcements. Printed copies of these documents will not be sent to shareholders.

Personal data privacy:

By submitting an instrument appointing the Chairman as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof (whether by hand, post or electronic mail), a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APPENDIX DATED 12 APRIL 2023

This Appendix is important and requires your immediate attention. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares in the issued share capital of Aztech Global Ltd. (the "**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Appendix may be accessed at the Company's website at https://www.aztechglobal.com/agm/index.html

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

Aztech

AZTECH GLOBAL LTD.

(Incorporated in the Republic of Singapore on 27 May 2009)
(Company Registration No.: 200909384G)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The purpose of this Appendix is to provide information and explain to the shareholders of the Company the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the Company's Annual General Meeting to be held at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on 28 April 2023 (Friday) at 10.00 a.m. (the "**2023 AGM**").

Appendix to Annual General Meeting Notice

(Share Buy Back)

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

"2022 AGM"	:	AGM which was held on 28 April 2022
"2022 Share Purchase Mandate"	:	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
"2023 AGM"	:	AGM of the Company to be held at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on 28 April 2023 at 10.00 a.m.
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	Annual general meeting of the Company
"Appendix"	:	This Appendix dated 12 April 2023 in relation to the proposed renewal of the Share Purchase Mandate
"Aztech Employee Share Option Scheme"	:	The employee share option scheme of the Company approved by Shareholders on 18 February 2021
"Aztech Performance Share Plan"	:	The performance share plan of the Company approved by Shareholders on 18 February 2021
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
"Company"	:	Aztech Global Ltd.
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"EPS"	:	Earnings per Share
"financial year"	:	The period of 12 months commencing on 1 January each year and ending on 31 December the same year
"FY2022"	:	Financial year ended 31 December 2022
"Group"	:	The Company and its subsidiaries

"Latest Practicable Date"	:	29 March 2023, being the latest practicable date prior to the uploading of this Appendix on the Company's website and the SGXNet
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Has the meaning ascribed to it in paragraph 2.4.3 of this Appendix
"NAV"	:	Net asset value
"Off-Market Purchase"	:	Has the meaning ascribed to it in paragraph 2.4.3 of this Appendix
"Register of Members"	:	The Register of Members of the Company
"Relevant Directors"	:	Has the meaning ascribed to it in paragraph 2.9.3 of this Appendix
"SFA"	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase"	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Purchase Mandate
"Share Purchase Mandate"	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
"Shareholders"	:	Means: (a) where the Depository is named in the Register of Members as the holder of shares, a Depositor in respect of the number of shares standing to the credit of his name in the Depository Register; and (b) in any other case, a person whose name appears on the Register of Members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest in one or more voting shares (excluding treasury shares) in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"treasury shares"	:	Issued Shares which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies, and have been held by the Company continuously since purchased

"S$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent."	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

The term "**subsidiary holdings**" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Purchase Mandate.

Appendix to Annual General Meeting Notice

(Share Buy Back)

AZTECH GLOBAL LTD.
(Incorporated in the Republic of Singapore on 27 May 2009)
(Company Registration No.: 200909384G)

Board of Directors

Mr. Michael Mun (Executive Chairman and Chief Executive Officer)
Mr. Jeremy Mun (Executive Director and Chief Operating Officer)
Mr. Tan Teik Seng (Lead Independent Director)
Mr. Larry Tan (Independent Director)
Mr. Christopher Huang (Independent Director)
Ms. Jeann Low Ngiap Jong (Independent Director)

Registered Office

31 Ubi Road 1
#01-05
Singapore 408694

12 April 2023

To: The Shareholders of **Aztech Global Ltd.**

Dear Shareholders

1. INTRODUCTION

We refer to Ordinary Resolution 10 set out in the Notice convening the 2023 AGM to be held on 28 April 2023, relating to the proposed renewal of the Share Purchase Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate to be tabled at the 2023 AGM, and to seek Shareholders' approval at the 2023 AGM for the same.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax advisor or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

At the 2022 AGM held on 28 April 2022, Shareholders had approved the renewal of the share purchase mandate (the "**2022 Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, and the authority and limitations on, the 2022 Share Purchase Mandate were set out in the appendix to the notice of the 2022 AGM dated 8 April 2022.

The 2022 Share Purchase Mandate will expire on the date of the forthcoming AGM, being the 2023 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2023 AGM.

2.2 Shares Purchased or Acquired during the Previous 12 Months

As at the Latest Practicable Date, the Company has not purchased or acquired any Shares pursuant to the 2022 Share Purchase Mandate approved by Shareholders at the 2022 AGM.

2.3 Rationale

The proposed Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Group. The purchases or acquisitions of Shares may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence. The Share Purchase Mandate may also be used to purchase or acquire existing Shares to satisfy options granted or awards given in relation to the Aztech Employee Share Option Scheme, the Aztech Performance Share Plan and any other employee share schemes which may be implemented by the Company, and allow the management of the Company to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

The Directors will decide whether to effect the purchases or acquisitions of its Shares via Market Purchases or Off-Market Purchases (both as defined below), after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

2.4 Terms of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if renewed at the 2023 AGM, are substantially the same as those previously approved by Shareholders at the 2022 AGM. These are summarised below:

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Purchase Mandate must not exceed 10% of the total number of Shares (excluding subsidiary holdings and any Shares which are held as treasury shares) in issue as at the date of the 2023 AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution.

As at the Latest Practicable Date, the Company is holding 1,872,600 Shares as treasury shares and has no subsidiary holdings. Purely for illustrative purposes, on the basis of a total of 771,952,945 issued Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued, no further Shares are purchased or acquired and held by the Company as treasury shares and that there are no subsidiary holdings, on or prior to the 2023 AGM, not more than 77,195,295 Shares (representing 10% of the total number of Shares in issue as at that date (excluding treasury shares and subsidiary holdings)) may be purchased by the Company pursuant to the Share Purchase Mandate.

2.4.2 Duration of Authority

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the 2023 AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

The Share Purchase Mandate may be renewed by the Shareholders at the next annual general meeting or at any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.4.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares by the Company may be made by way of:

(a) an on-market purchase transacted through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

(b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Constitution, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same except that there must be disregarded:

  (i) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Under the Listing Manual, in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*, the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed share purchases;

(d) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST;

(f) details of any share purchases made by the listed company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

2.4.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

("**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of this Appendix:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which must not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.5 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Shares purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company is deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with Sections 76H to 76K of the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5.1 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holding: The aggregate number of Shares held by the Company as treasury shares must not at any time exceed 10% of the total number of Shares (excluding subsidiary holdings and any Shares which are held as treasury shares) in issue at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company must dispose of or cancel the excess treasury shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded, or such further period as may be allowed by ACRA.

(b) Voting and Other Rights: The Company must not exercise any right in respect of the treasury shares. In particular, the Company must not exercise any right to attend or vote at meetings and, for the purposes of the Companies Act, the Company is to be treated as having no right to vote and the treasury shares are to be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal or Cancellation: Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons, including the Aztech Employee Share Option Scheme and the Aztech Performance Share Plan;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (A) the date of the sale, transfer, cancellation and/or use of such treasury shares, (B) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (C) the number of treasury shares which have been sold, transferred, cancelled and/or used, (D) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (E) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (F) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5.2 Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company must:

(a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled, which includes any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

2.6 Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts,

(b) if:

(i) it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within such period, or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group's internal resources or external borrowings, or a combination of both, to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will principally consider the availability of internal resources and thereafter consider the availability of external financing.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements, the financial position of the Group taken as a whole, the financial flexibility or the investment ability of the Group. The purchase of its own Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial accounts of the Company and the Group for FY2022, are based on the assumptions set out below.

2.7.1 Purchase or Acquisition of Shares made out of Capital and/or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the purchase or acquisition of Shares is made out of capital, the profits available for distribution as dividends by the Company will not be reduced.

Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares will correspondingly reduce the profits available for distribution as dividends by the Company.

Based on the audited accounts of the Company for FY2022, the Company had retained profits of about S$12.638 million as at 31 December 2022. Accordingly, in respect of the Share Purchase Mandate sought at the 2023 AGM, it is expected that the purchases or acquisitions of Shares will be made out of capital.

For the purposes of paragraph 2.7 of this Appendix, the purchase price paid by the Company for the Shares does not include any expenses (including brokerage or commission) incurred in such purchase or acquisition of the Shares.

2.7.2 Number of, and Maximum Price paid for, Shares Purchased or Acquired

As at the Latest Practicable Date, the Company has a total of 771,952,945 Shares in issue (excluding treasury shares) and has no subsidiary holdings. Further, as at the Latest Practicable Date, the Company has a total of 1,872,600 treasury shares.

Based on 771,952,945 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that no further Shares are issued, no further Shares are purchased or acquired and held by the Company as treasury shares and there are no subsidiary holdings on or prior to the forthcoming 2023 AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition by the Company of up to 77,195,295 Shares.

The financial effects of the purchase or acquisition of Shares by the Company set out below in this paragraph 2.7 are on the basis of the purchase or acquisition of 77,195,200 Shares (rounded down to the nearest 100 Shares) made entirely out of the capital of the Company.

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 77,195,200 Shares at the Maximum Price of S$0.845 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (rounded down to the nearest S$0.005)), the maximum amount of funds required for the purchase or acquisition of 77,195,200 Shares is approximately S$65.230 million.

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 77,195,200 Shares at the Maximum Price of S$0.965 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (rounded down to the nearest S$0.005)), the maximum amount of funds required for the purchase or acquisition of 77,195,200 Shares is approximately S$74.493 million.

2.7.3 Illustrative Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, based on the audited financial statements of the Company and the Group for FY2022, the assumptions stated above and assuming the following:

(a) purchases or acquisitions of Shares by the Company are funded solely from internal resources;

(b) the transaction costs incurred for such purchase or acquisition of Shares pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects; and

(c) there were no issuances of Shares after the Latest Practicable Date,

the effects of such purchases or acquisitions of Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the following Scenarios A and B (as explained below) are as set out in the tables below:

(i) **Scenario A**: Market Purchases or Off-Market Purchases (as the case may be) of 77,195,200 Shares made entirely out of capital and **held as treasury shares**; and

(ii) **Scenario B**: Market Purchases or Off-Market Purchases (as the case may be) of 77,195,200 Shares made entirely out of capital and **cancelled**.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT BELOW, BASED ON THE RESPECTIVE ASSUMPTIONS STATED BELOW, ARE FOR ILLUSTRATION PURPOSES ONLY AND ARE NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE. IN ADDITION, THE ACTUAL IMPACT WILL DEPEND ON, *INTER ALIA*, THE ACTUAL NUMBER AND PRICE OF SHARES THAT MAY BE PURCHASED OR ACQUIRED BY THE COMPANY, WHETHER THE PURCHASE OR ACQUISITION OF SHARES IS MADE OUT OF THE PROFITS OR CAPITAL OF THE COMPANY AND WHETHER THE SHARES PURCHASED OR ACQUIRED ARE HELD IN TREASURY OR CANCELLED.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

(1) **Market Purchases**[1]

As at 31 December 2022	GROUP Before Share Purchase Audited S$'000	After Share Purchase Scenario A S$'000	 Scenario B S$'000
Share capital	206,166	206,166	140,936
Treasury shares	(1,843)	(67,073)	(1,843)
Other reserves	(3,416)	(3,416)	(3,416)
Retained profits	96,684	96,684	96,684
Share option reserve	288	288	288
Currency translation reserve	(13,876)	(13,876)	(13,876)
Shareholders' funds	284,003	218,773	218,773
NAV (1)	284,003	218,773	218,773
Current assets	515,629	450,399	450,399
Current liabilities	251,277	251,277	251,277
Net current assets	264,352	199,122	199,122
Total borrowings (2)	8,452	8,452	8,452
Cash and bank balances	195,963	130,733	130,733
Number of Shares (in '000) (3)	771,953	694,758	694,758
Treasury Shares (in '000) (3)	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	771,953	694,758	694,758
Financial Ratios			
EPS – (cents)	8.70	9.67	9.67
NAV per Share – (cents) (3)	36.79	31.49	31.49
Net gearing ratio (times) (4)	–	–	–
Current ratio (times) (5)	2.05	1.79	1.79

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowings comprise bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

[1] This is computed based on 771,952,945 Shares in issue as at the Latest Practicable Date.

As at 31 December 2022	COMPANY Before Share Purchase	After Share Purchase	
	Audited	Scenario A	Scenario B
	S$'000	S$'000	S$'000
Share capital	206,166	206,166	140,936
Treasury shares	(1,843)	(67,073)	(1,843)
Capital reserve	11,651	11,651	11,651
Share option reserve	288	288	288
Retained profits	12,638	12,638	12,638
Shareholders' funds	228,900	163,670	163,670
NAV [1]	228,900	163,670	163,670
Current assets	166,846	101,616	101,616
Current liabilities	16,549	16,549	16,549
Net current assets	150,297	85,067	85,067
Total borrowings [2]	488	488	488
Cash and bank balances	125,296	60,066	60,066
Number of Shares (in '000) [3]	771,953	694,758	694,758
Treasury Shares (in '000) [3]	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	771,953	694,758	694,758
Financial Ratios			
EPS – (cent)	4.52	5.02	5.02
NAV per Share – (cents) [3]	29.65	23.56	23.56
Net gearing ratio (times) [4]	–	–	–
Current ratio (times) [5]	10.08	6.14	6.14

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowings comprise bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) <u>Scenario A: Market Purchases of 77,195,200 Shares made entirely out of capital and held as treasury shares</u>[1]

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2022 will decrease from 36.79 cents to 31.49 cents.

(b) Scenario B: Market Purchases of 77,195,200 Shares made entirely out of capital and cancelled(1)

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2022 will decrease from 36.79 cents to 31.49 cents.

Note:

(1) Assuming that the purchase of Shares had taken place on 1 January 2022, the consolidated basic EPS of the Group for FY2022 would have increased from 8.70 cents to 9.67 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(2) Off-Market Purchases[2]

	GROUP		
As at 31 December 2022	**Before Share Purchase**	**After Share Purchase**	
	Audited	**Scenario A**	**Scenario B**
	S$'000	**S$'000**	**S$'000**
Share capital	206,166	206,166	131,673
Treasury shares	(1,843)	(76,336)	(1,843)
Other reserves	(3,416)	(3,416)	(3,416)
Retained profits	96,684	96,684	96,684
Share option reserve	288	288	288
Currency translation reserve	(13,876)	(13,876)	(13,876)
Shareholders' funds	284,003	209,510	209,510
NAV (1)	284,003	209,510	209,510
Current assets	515,629	441,136	441,136
Current liabilities	251,277	251,277	251,277
Net current assets	264,352	189,859	189,859
Total borrowings (2)	8,452	8,452	8,452
Cash and bank balances	195,963	121,470	121,470
Number of Shares (in '000) (3)	771,953	694,758	694,758
Treasury Shares (in '000) (3)	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	771,953	694,758	694,758
Financial Ratios			
EPS – (cents)	8.70	9.67	9.67
NAV per Share – (cents) (3)	36.79	30.16	30.16
Net gearing ratio (times) (4)	–	–	–
Current ratio (times) (5)	2.05	1.76	1.76

[2] This is computed based on 771,952,945 Shares in issue as at the Latest Practicable Date.

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowings comprise bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

	COMPANY		
As at 31 December 2022	**Before Share Purchase**	**After Share Purchase**	
	Audited	**Scenario A**	**Scenario B**
	S$'000	**S$'000**	**S$'000**
Share capital	206,166	206,166	131,673
Treasury shares	(1,843)	(76,336)	(1,843)
Capital reserve	11,651	11,651	11,651
Share option reserve	288	288	288
Retained profits	12,638	12,638	12,638
Shareholders' funds	228,900	154,407	154,407
NAV [(1)]	228,900	154,407	154,407
Current assets	166,846	92,353	92,353
Current liabilities	16,549	16,549	16,549
Net current assets	150,297	75,804	75,804
Total borrowings	488	488	488
Cash and bank balances	125,296	50,803	50,803
Number of Shares (in '000) [(3)]	771,953	694,758	694,758
Treasury Shares (in '000) [(3)]	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	771,953	694,758	694,758
Financial Ratios			
EPS – (cent)	4.52	5.02	5.02
NAV per Share – (cents) [(3)]	29.65	22.22	22.22
Net gearing ratio (times) [(4)]	–	–	–
Current ratio (times) [(5)]	10.08	5.58	5.58

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) Total borrowings comprise bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) Scenario A: Off-Market Purchases of 77,195,200 Shares made entirely out of capital and held as treasury shares(1)

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as 31 December 2022 will decrease from 36.79 cents to 30.16 cents.

(b) Scenario B: Off-Market Purchases of 77,195,200 Shares made entirely out of capital and cancelled.(1)

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2022 will decrease from 36.79 cents to 30.16 cents.

Note:

(1) Assuming that the purchase of Shares had taken place on 1 January 2022, the consolidated basic EPS of the Group for FY2022 would have increased from 8.70 cents to 9.67 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

2.9.1 No Purchases during Price Sensitive Developments

Whilst the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the board of Directors until the price sensitive information has been publicly announced.

In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full year financial statements (if the Company does not announce its quarterly financial statements) or, if the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

2.9.2 Listing Status of the Shares

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word "**public**" is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are approximately 229,025,345 Shares, representing approximately 29.67% of the total number of issued Shares (excluding treasury shares), held by the public. In the event that the Company purchases the maximum of 10% of its total number of issued Shares (excluding treasury shares) from public Shareholders, based on information available as at the Latest Practicable Date, the percentage of the Company's public float would be reduced to approximately 21.85% of the total number of Shares in issue (excluding treasury shares). Accordingly, based on information available as at the Latest Practicable Date, the Directors are of the view that, at present, there is a sufficient number of Shares in issue (excluding treasury shares) held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in the Company being delisted from the SGX-ST.

2.9.3 *Reporting Requirements*

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

The Directors are required, under the Companies Act, to lodge with ACRA within 30 days of the purchase or acquisition of Shares on the SGX-ST the notice of purchase or acquisition of the Shares in the prescribed form and provide certain particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

2.9.4 Listing Manual

The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5% above the Average Closing Price. The Maximum Price for the Shares in relation to Market Purchases referred to in paragraph 2.4.4 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the average closing price of the Shares as the Maximum Price for the Shares to be purchased or acquired by way of an Off-Market Purchase.

2.10 Certain Take-over Code implications arising from the Proposed Share Purchase Mandate

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below.

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert with each other: (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase or acquisition of Shares by the Company:

(a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(b) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% to 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

2.10.1 Shareholding Interests of Directors

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, and (d) there are no subsidiary holdings, will be as follows:

	Number of Shares Held				
Name of Director	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Michael Mun Hong Yew[1]	–	542,197,600	542,197,600	70.2371	78.0413
Jeremy Mun Weng Hung [2]	–	200,000	200,000	0.0259	0.0288
Tan Teik Seng	–	–	–	–	–
Larry Tan	–	–	–	–	–
Christopher Huang	–	–	–	–	–
Jeann Low Ngiap Jong[3]	–	150,000	150,000	0.0194	0.0216

Notes:

(1) Mr Michael Mun Hong Yew is the sole shareholder of AVS Investments Pte. Ltd. ("**AVSI**"), which in turn holds 100% of the issued and paid up share capital of Azventure Investments Pte. Ltd. ("**AZI**"). Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company.

(2) Mr Jeremy Mun Weng Hung is deemed to be interested in 200,000 Shares held by DBS Nominees Pte. Ltd. as his nominee.

(3) Ms Jeann Low Ngiap Jong is deemed to be interested in 150,000 Shares held by DBS Nominees Pte. Ltd. as her nominee.

2.10.2 Shareholding Interests of Substantial Shareholders

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases or acquires the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, and (d) there are no subsidiary holdings, will be as follows:

	Number of Shares Held				
Name of Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Azventure Investments Pte. Ltd. [1]	542,197,600	–	542,197,600	70.2371	78.0413
AVS Investments Pte. Ltd. [2]	–	542,197,600	542,197,600	70.2371	78.0413
Michael Mun Hong Yew [3]	–	542,197,600	542,197,600	70.2371	78.0413

Notes:

(1) AZI is directly interested in 542,197,600 Shares in the Company.

(2) AVSI holds 100% of the issued and paid up share capital of AZI. Accordingly, AVSI is deemed to have an interest in all of AZI's shareholding in the Company.

(3) Mr Mun Hong Yew is the sole shareholder of AVSI, which in turn holds 100% of the issued and paid up share capital of AZI. Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company. Mr Mun Hong Yew is also a director of both AZI and AVSI.

2.10.3 Consequences of Share Purchases or Acquisitions by the Company

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, since the aggregate shareholdings and voting rights of Messrs Mun Hong Yew and Mun Weng Hung and their concert party(ies) (the "**Relevant Directors**") in the Company are more than 50% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, the Relevant Directors would not be obliged to make a mandatory take-over offer for the Company under the Take-over Code in the event that the Company purchases or acquires the maximum 77,195,295 Shares (being 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) (rounded to the nearest hundred Share) pursuant to the Share Purchase Mandate.

The Directors are not aware of any other Substantial Shareholder or Director who would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

THE STATEMENTS HEREIN DO NOT PURPORT TO BE A COMPREHENSIVE OR EXHAUSTIVE DESCRIPTION OF ALL IMPLICATIONS THAT MAY ARISE UNDER THE TAKE-OVER CODE. SHAREHOLDERS WHO ARE IN DOUBT AS TO WHETHER THEY WOULD INCUR ANY OBLIGATION TO MAKE A TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY PURSUANT TO THE SHARE PURCHASE MANDATE ARE ADVISED TO CONSULT THEIR PROFESSIONAL ADVISERS AND/OR THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE AT THE EARLIEST OPPORTUNITY.

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. DIRECTORS' RECOMMENDATION

Having considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in paragraph 2.3 of this Appendix, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, recommend that Shareholders **vote in favour** of Ordinary Resolution 10 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of the 2023 AGM.

4. DIRECTORS' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at the registered office of the Company at 31 Ubi Road 1, #01-05, Singapore 408694 during normal business hours from the date of this Appendix up to and including the date of the 2023 AGM:

(a) the Constitution; and

(b) the annual report of the Company for FY2022.

The annual report of the Company for FY2022 may also be accessed at the URL:
https://www.aztechglobal.com/investor-relations/annual-reports.html.

Yours faithfully,
For and on behalf of the Board of Directors of
Aztech Global Ltd.

Ms Pavani Nagarajah
Company Secretary

12 April 2023

IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE COMPANY'S ANNUAL GENERAL MEETING ON 28 APRIL 2023

1. **Background**

The Board of Directors (the **"Board"** or **"Directors"**) of Aztech Global Ltd. (the "**Company**") refers to:

(a) the COVID-19 (Temporary Measures) Act 2020 (the "**Act**") passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;

(b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies; and

(c) the Joint Statement by the Accounting and Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore and Singapore Exchange Regulation, which was issued on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022), read together with the FAQs on "The Holding of General Meetings" dated 23 May 2022 issued by Singapore Exchange Regulation, which provides additional guidance on the conduct of general meetings amid the evolving COVID-19 situation.

2. **Date of Annual General Meeting** ("**AGM**")

The Directors wish to inform shareholders that the Company has today issued the Notice of Annual General Meeting dated 12 April 2023 ("**Notice of AGM**") in respect of the annual general meeting of the Company in respect of the financial year ended 31 December 2022 (the "**AGM**"). The AGM will be held, in a wholly physical format, at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 ("**Physical Meeting**"). **There will be no option for shareholders to participate virtually.**

3. **Annual Report, Notice of AGM, Appendix to the Notice of AGM and Proxy Form**

The Annual Report 2022, Notice of AGM, Appendix to the Notice of AGM, proxy form for the AGM and this announcement will be disseminated to shareholders solely by electronic means via publication on the Company's corporate website at https://www.aztechglobal.com/agm and will also be made available on SGXNet's website at www.sgx.com/securities/company-announcements. **Printed copies of these documents will not be sent to shareholders.**

Shareholders are advised to read the Notice of AGM carefully in order to decide whether they should vote in favour of or against the ordinary resolutions, or to abstain from voting on the ordinary resolutions, to be tabled at the AGM.

4. **Arrangements for Participation in the AGM**

Shareholders (including persons holding shares through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) may participate in the AGM by:

(a) attending the AGM in person;

(b) submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or

(c) voting at the AGM (i) themselves; or (ii) through their duly appointed proxy(ies)[1].

[1] For the avoidance of doubt, CPFIS and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM or themselves) to attend, speak and/or vote at the AGM on their behalf.

Important Notice to Shareholders

Details of the steps for registration, submission of questions and voting at the AGM by shareholders, including CPF/SRS investors, are set out in the Appendix to this announcement. In particular, CPF/SRS investors who hold shares through CPF Agent Banks or SRS Operators and who wish to request their CPF Agent Banks or SRS Operators to appoint themselves or the Chairman of the AGM as their proxy in respect of the shares held by such CPF Agent Banks or SRS Operators on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **10.00 a.m. on 18 April 2023, being at least seven (7) working days before the date of the AGM**.

5. **Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore)**

Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), other than CPF/SRS investors, and who wish to participate in the AGM by:

(a) attending the AGM in person;

(b) submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or

(c) voting at the AGM (i) themselves; or (ii) by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

6. **Key dates/deadlines**: In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key Dates	Actions
10.00 a.m. on 18 April 2023 (Tuesday)	Deadline for CPF/SRS investors who wish to appoint themselves or the Chairman as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
10.00 a.m. on 19 April 2023 (Wednesday)	Deadline for shareholders (including CPF/SRS investors) to submit questions in advance of the AGM.
10.00 a.m. on 22 April 2023 (Saturday)	Response by Company on substantial and relevant questions from shareholders received as of 10.00 a.m. on 19 April 2023 will be published on the Company's website and the SGX website on (or about) 22 April 2023, and, in any event, no later than 48 hours prior to the deadline for the submission of instruments appointing a proxy(ies).
10.00 a.m. on 25 April 2023 (Tuesday)	Deadline for shareholders to submit proxy forms.
10.00 a.m. on 28 April 2023 (Friday)	• Shareholders, including CPF/SRS investors, and (where applicable) duly appointed proxies may attend the AGM in person at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593. **There will be no option for shareholders to participate virtually**. • Please bring along your NRIC/passport to enable the Company to verify your identity.

Important Notice to Shareholders

Important reminder: The Company would like to remind shareholders that due to the constantly evolving COVID-19 situation, the Company will be closely monitoring the situation and reserves the right to change its AGM arrangements at short notice. Shareholders should check the Company's website at https://www.aztechglobal.com/agm or the SGXNet's website at www.sgx.com/securities/company-announcements for the latest updates on the AGM.

By Order of the Board

Ms Pavani Nagarajah
Company Secretary
12 April 2023
Singapore

APPENDIX

Steps for registration, submission of questions and voting at the AGM:

Shareholders (including CPF/SRS investors) can attend the AGM in person, submit questions to the Chairman of the AGM in advance of, or at, the AGM and/or vote at the AGM by themselves or through duly appointed proxy(ies)[2].

To do so, they will need to complete the following steps:

No.	Steps	Details
1.	**Register in person to attend the AGM**	**Shareholders, including CPF/SRS investors, and (where applicable) duly appointed proxies can attend the AGM in person**. To do so, they will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Registration will commence at 9.30 a.m. on that day. Please bring along your NRIC/passport to enable the Company to verify your identity. Shareholders are advised not to attend the AGM if they are feeling unwell.

[2] See footnote 1 above.

Important Notice to Shareholders

No.	Steps	Details
2.	**Submit questions in advance of, or at, the AGM**	**Shareholders, including CPF/SRS investors, can submit questions in advance of, or at, the AGM**. **Submission of questions**. Shareholders (including CPF/SRS investors), can submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in the following manner: (a) via electronic mail to the Company's corporate secretarial team at agm@aztech.com; or (b) by post to 31 Ubi Road 1, #01-05, Singapore 408694. When sending in your questions by email or by post, please also provide us with the following details: ● your full name; ● your identification number; ● your contact number; ● your email address; and ● the manner in which you hold shares in the Company (e.g., via CDP, Scrip-based, CPF or SRS). **Deadline to submit questions in advance of the AGM**. All questions must be submitted by **10.00 a.m. on 19 April 2023**. **Addressing questions**. We will endeavour to address all substantial and relevant questions received from shareholders as of 10.00 a.m. on 19 April 2023 (the "**Deadline**"), by 10.00 a.m. on 22 April 2023, and, in any event, no later than 48 hours prior to the deadline for the submission of instruments appointing a proxy(ies), on our corporate website and on SGXNET. Any substantial or relevant questions received after the Deadline will be addressed at the AGM itself. The Company will also publish its responses to the questions addressed during the AGM on its corporate website and on SGXNET. **Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed**. **Asking questions at the AGM**. Shareholders, including CPF/SRS investors, and (where applicable) duly appointed proxies can also ask the Chairman of the AGM questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself. **Minutes of AGM**. We will publish the minutes of the AGM on our corporate website and on SGXNET, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the AGM.

<table>
<tr><th>No.</th><th>Steps</th><th>Details</th></tr>
<tr><td>3.</td><td>Vote, or submit instruments appointing a proxy(ies) to vote, at the AGM</td><td>Shareholders can vote at the AGM themselves or through duly appointed proxy(ies)[3]. Shareholders who wish to appoint a proxy(ies) must submit an instrument appointing a proxy(ies). Submission of instruments appointing a proxy(ies). The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(a) if sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(b) if submitted by electronic mail, received by the Company at agm@aztech.com,

in either case, by 10.00 a.m. on 25 April 2023, being seventy-two (72) hours before the time of the AGM, and in default, the instrument of proxy shall be treated as invalid.

A shareholder who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Deemed revocation of proxy appointment if shareholder attends the AGM in person. Completion and submission of the instrument appointing a proxy(ies) by a shareholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the shareholder attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

CPF/SRS investors. CPF/SRS investors:

(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 18 April 2023, being at least seven (7) working days before the date of the AGM.

Persons who hold shares through relevant intermediaries (other than CPF/SRS investors) and who wish to vote should approach the relevant intermediary through which they hold the shares as soon as possible to specify their voting instructions.</td></tr>
</table>

[3] See footnote 1 above

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AZTECH GLOBAL LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200909384G)

PROXY FORM

IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, in a wholly physical format, at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 ("**Physical Meeting**"). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting. Printed copies of the Notice of AGM dated 12 April 2023 will not be sent to members. Instead, the Notice of AGM will be disseminated to members by electronic means via publication on the Company's website at https://www.aztechglobal.com/agm, and will also be made available on the SGXNet's website at www.sgx.com/securities/company-announcements.
2. Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the AGM in advance of, or at, the AGM, addressing of substantial and relevant questions prior to or at the AGM, and voting at the AGM by the member or his/her/its duly appointed proxy(ies), are set out in the Notice of AGM and the Company's announcement dated 12 April 2023 titled "Important Notice to Shareholders in relation to the Company's Annual General Meeting on 28 April 2023".
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPFIS/SRS investors who hold shares through CPF Agent Banks/SRS Operators. CPFIS/SRS investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by 10.00 a.m. on 18 April 2023, being at least seven (7) working days before the date of the AGM.
4. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**

Personal Data Privacy

By submitting this proxy form, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.

*I/We, (Name) *NRIC/Passport/Co. Reg. No.

of (address)

Being a *member/members of AZTECH GLOBAL LTD. ("**Company**"), hereby appoint:

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
			No. of Shares	%

*and/or

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
			No. of Shares	%

Or failing *him/her/them, the Chairman of the Annual General Meeting of the Company ("**Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting to be held at Suntec Singapore Convention & Exhibition Centre, Room MR 330 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on **Friday, 28 April 2023 at 10.00 a.m.** and at any adjournment thereof.

All resolutions put to vote at the AGM shall be decided by way of poll.

*I/We direct *my/our *proxy/proxies to vote for, against or to abstain from voting on the Resolutions set out in the Notice of AGM dated 12 April 2023 in accordance with *my/our directions specified hereunder.

Please indicate your vote "For" or "Against" or "Abstain" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate. If no specific direction as to voting is given in respect of a resolution, the proxy/proxies may vote or abstain from voting at his/her/their discretion as he/she/they deem(s) fit on any of the above resolutions, and on any other matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be at chairman's discretion.

No.	Resolution	For	Against	Abstain
Ordinary Business				
1)	To adopt the Audited Financial Statements for the financial year ended 31 December 2022 ("**FY2022**") together with the Directors' Statement and Auditors' Report thereon			
2)	To declare a final one-tier tax exempt dividend of S$0.015 per ordinary share for FY2022			
3)	To approve Directors' fees of S$16,767.12 for the financial year ended 31 December 2022 for Ms. Jeann Low Ngiap Jong			
4)	To approve Directors' fees of S$450,000 for the financial year ending 31 December 2023			
5)	To re-elect Mr. Tan Jwee Meng as Director			
6)	To re-elect Mr. Tan Teik Seng as Director			
7)	To re-elect Ms. Jeann Low Ngiap Jong as Director			
8)	To re-appoint Messrs BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration			
Special Business				
9)	To authorise Directors to allot and issue Shares			
10)	To approve the renewal of the Share Purchase Mandate			
11)	To authorise Directors to grant options and issue shares under the Aztech Employee Share Option Scheme			
12)	To authorise Directors to grant awards and issue shares under the Aztech Performance Share Plan			
13)	To authorise the Directors to allot and issue shares pursuant to the Aztech Scrip Dividend Scheme			

Dated this day of 2023

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

** Please delete accordingly*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares registered in your name in the Register of Members of the Company. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

3. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be:

   (a) if sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

   (b) if submitted by electronic mail, received by the Company at agm@aztech.com,

   in either case, by 10.00 a.m. on 25 April 2023, being seventy-two (72) hours before the time of the AGM, and in default, the instrument of proxy shall be treated as invalid.

6. Completion and submission of the instrument appointing a proxy(ies) by a shareholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the shareholder attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instruments appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i). Consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**");

(ii). Warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of the proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii). Agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Corporate Information

Directors

Mr. Michael Mun (Executive Chairman and CEO)

Mr. Jeremy Mun (Executive Director and COO)

Mr. Tan Teik Seng (Lead Independent Director)

Mr. Larry Tan (Independent Director)

Mr. Christopher Huang (Independent Director)

Ms. Jeann Low (Independent Director)

Audit Committee

Mr. Tan Teik Seng (Chairman)

Mr. Larry Tan

Mr. Christopher Huang

Ms. Jeann Low

Nominating Committee

Mr. Christopher Huang (Chairman)

Mr. Tan Teik Seng

Mr. Larry Tan

Remuneration Committee

Mr. Larry Tan (Chairman)

Mr. Tan Teik Seng

Mr. Christopher Huang

Company Secretary

Ms. Pavani Nagarajah

Auditors

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Mr. Leong Hon Mun Peter
(Appointed for the financial year ended 31 December 2019, 2020 and 2022)
Date of first appointment: 21 August 2019

Share Registrar

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Registered Office

31 Ubi Road 1 #01-05
Singapore 408694
Tel: (65) 6594 2288
Fax: (65) 6749 1198
Website: www.aztechglobal.com

Company Registration No.

200909384G

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Fax: (65) 6749 1198

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Hong Kong R&D Centre
Room 2-6 3/F Core Building 1
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New Territories, Hong Kong
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Fax: (852) 2481 5919

Dong Guan R&D Centre
Jiu Jiang Shui Village, Chang Ping Town
Dong Guan City, Guang Dong
Province, China
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Fax: (86) (769) 8393 1138

Shenzhen R&D Centre
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Futian District Shenzhen, China
Tel: (86) (755) 2533 1117

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Taman Laman Setia 81550
Gelang Patah Johor, Malaysia
Tel: (60) 7551 0000
Fax: (60) 7551 0001

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